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RECEIVED
ARIZONA CORPORATION COMMISSION

JUN 15 4 40 PM '01

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION) DOCKET NO. **W-01427A-01-0487**
OF LITCHFIELD PARK SERVICE) **SW-01428A-01-0487**
COMPANY FOR AN INCREASE IN ITS)
WATER AND WASTEWATER RATES FOR)
CUSTOMERS WITHIN MARICOPA)
COUNTY, ARIZONA)

-APPLICATION

-SCHEDULES

-TESTIMONY

-TARIFF

Filed June 15, 2001.

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6 **BEFORE THE ARIZONA CORPORATION COMMISSION**

7 IN THE MATTER OF THE APPLICATION) DOCKET NO. W-01427A-01-____
8 OF LITCHFIELD PARK SERVICE) WS-01428A-01-____
COMPANY FOR AN INCREASE IN ITS)
9 WATER AND WASTEWATER RATES FOR)
CUSTOMERS WITHIN MARICOPA)
10 COUNTY, ARIZONA)

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8 OF LITCHFIELD PARK SERVICE) WS-01428A-01-____
COMPANY FOR AN INCREASE IN ITS)
9 WATER AND WASTEWATER RATES FOR) **APPLICATION**
CUSTOMERS WITHIN MARICOPA)
10 COUNTY, ARIZONA)

11 Litchfield Park Service Company (hereinafter "LPSCO" or the "Company"), by and
12 through the undersigned counsel, hereby submits a rate increase application and in support of
13 said Application states as follows:

14 1. The Company is a public service corporation duly organized and existing under the laws of
15 the State of Arizona.

16 2. LPSCO provided water and wastewater utility service to approximately 5,500 customers in
17 Maricopa County, Arizona as of the end of its test year, December 31, 2000.

18 3. The Company's business office is located at 111 W. Wigwam Blvd., Suite B, Litchfield Park
19 Arizona 85340. The Company's management contact is David W. Ellis, Manager.

20 4. The Company's present rates and charges were authorized in Commission Decision No.
21 60831, dated April 30, 1998 and based upon test year ended December 31, 1996.

22 5. The revenues as generated from LPSCO's customers at the existing rates are inadequate to
23 provide the Company a just and reasonable rate of return on the Company's Fair Value Rate

60001.00000.65

1 Base. During the test year, the Company has operated with an operating income that has not
2 provided a just and reasonable return.

3 6. Attached hereto as Exhibit A are a series of schedules for the Water and Wastewater
4 Divisions as contemplated in A.A.C. R-14-2-103. It should be noted that neither the construction
5 expenditure, nor the capital costs associated with the Palm Valley Wastewater Reclamation
6 Facilities and the related financing as approved by the Commission in Decision 63775, dated
7 June 13, 2001, are included in the Rate Base shown in the Schedules filed with this Application.

8 7. Attached hereto as Exhibit B is the direct testimony of Dan L. Neidlinger in support of this
9 Application.

10 8. Attached hereto as Exhibit C and incorporated herein by this reference for all purposes is
11 LPSCO's proposed form of water and wastewater Tariff based upon the Schedules contained in
12 Exhibit A and as explained in the testimony of Mr. Neidlinger, Exhibit B hereto.

13 9. The Hook-Up Fee Tariff required to be filed by the Company pursuant to Decision 63775,
14 dated June 13, 2001, will be filed in this Docket on or before August 10, 2001, in accordance
15 with that Decision.


16 10. The Company respectfully requests that any Data Requests by Staff or Intervenors be served
17 on the undersigned with a copy to:

18 Dan L. Neidlinger
19 3020 N. 17th Drive
20 Phoenix, Arizona 85015
Phone: (602) 258-2343
Fax: (602) 271-0798

21 WHEREFORE, the Company respectfully requests that the Commission (a) issue a
22 Procedural Order setting this matter for hearing and establishing the appropriate timetable for
23 conduct of a hearing (b) following hearing in this matter, establish the Fair Value Rate Base of

1 the Company, (c) authorize revenue levels as requested herein to support the expenses as set
2 forth in the Application, (d) include within those authorized revenues a fair rate of return on the
3 Fair Value Rate Base so established, and thereafter (e) authorize the rates and charges set forth in
4 the Company's proposed form of Tariff appended to this Application, and (f) authorize such
5 other and further relief as may be appropriate according to the applicable law.

6 DATED this 15th day of June, 2001.

7 
8 Richard L. Sallquist, Esq.
9 SALLQUIST & DRUMMOND, P.C.
10 2525 E. Arizona Biltmore Circle
Suite 117
Phoenix, Arizona 85016
Attorneys for Applicant

11 Original and ten copies filed
12 this 15th day of June, 2001, to:

13 Docket Control
14 Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

15 Copies of the foregoing hand delivered
16 this 15th day of June, 2001, to:

17 Hearing Division
18 Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

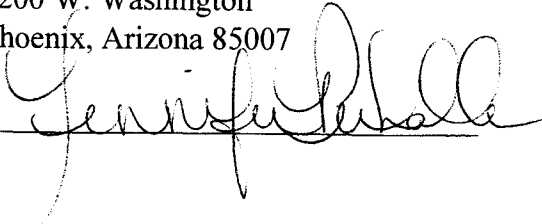
19 Legal Division
20 Arizona Corporation Commission
1200 W. Washington
21 Phoenix, Arizona 85007
22
23

1 Utilities Division

2 Arizona Corporation Commission

3 1200 W. Washington

4 Phoenix, Arizona 85007

5 

A

LITCHFIELD PARK SERVICE COMPANY

Before the Arizona Corporation Commission

**Application for an Increase in Water & Sewer Rates
Test Year Ended December 31, 2000**

June 2001

LITCHFIELD PARK SERVICE COMPANY

Test Year Ended December 31, 2000

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LITCHFIELD PARK SERVICE COMPANY

Test Year Ended December 31, 2000

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LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

COMPUTATION OF INCREASE IN GROSS REVENUE REQUIREMENTS

DESCRIPTION	ORIGINAL COST	RCND
Adjusted Rate Base (1)	\$6,303,698	\$6,303,698
Adjusted Operating Income (2)	70,753	70,753
Current Rate of Return	1.12%	1.12%
	<u>FAIR VALUE</u>	
Fair Value Rate Base (50/50)	\$6,303,698	
Required Rate of Return	9.654%	
Operating Income Requirement	\$608,534	
Operating Income Deficiency	537,781	
Gross Revenue Conversion Factor (3)	1.6286	
Increase in Gross Revenue Requirements	\$875,837	
Indicated Percentage Increase (4)	52.02%	

Supporting Schedules:

- (1) Schedule B-1
- (2) Schedule C-1
- (3) Schedule C-3
- (4) Schedule H-1

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

SUMMARY OF REVENUES AT PRESENT AND PROPOSED RATES

DESCRIPTION	REVENUES IN THE TEST YEAR		INCREASE	
	PRESENT (1)	PROPOSED	AMOUNT	PERCENT
3/4" Meters (2)	\$740,155	\$1,107,543	\$367,388	49.64%
1" Meters	373,582	562,428	188,846	50.55%
1 1/2" Meters	99,593	151,178	51,585	51.80%
2" Meters	301,345	457,671	156,326	51.88%
4" Meters	67,554	102,965	35,411	52.42%
10" Meters	17,634	26,885	9,251	52.46%
Hydrant Sales	22,000	73,500	51,500	0.00%
Total Metered Sales	1,621,863	2,482,170	860,307	53.04%
Other Revenues	61,740	77,270	15,530	25.15%
Total Water Revenues	<u>\$1,683,603</u>	<u>\$2,559,440</u>	<u>\$875,837</u>	<u>52.02%</u>

NOTES:

- (1) Including Revenue Pro Forma Adj.
- (2) Including 5/8" X 3/4" Meters

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

ORIGINAL COST AND RCND RATE BASE ELEMENTS

DESCRIPTION	ORIGINAL COST RATE BASE (1)	RCND RATE BASE (2)
Gross Utility Plant In Service	\$9,464,287	\$9,464,287
Less: Accumulated Depreciation	<u>1,453,012</u>	<u>1,453,012</u>
Net Utility Plant In Service	8,011,275	8,011,275
Plus:		
CWIP	497,475	497,475
Allowance for Working Capital	<u>138,358</u>	<u>138,358</u>
	635,833	635,833
Less:		
AIAC	1,169,014	1,169,014
Deferred Income Taxes	278,052	278,052
Meter Deposits	<u>896,344</u>	<u>896,344</u>
	2,343,410	2,343,410
Total Rate Base	<u><u>\$6,303,698</u></u>	<u><u>\$6,303,698</u></u>

Supporting Schedules & Notes:

- (1) Schedules B-2 and E-5
- (2) LPSCO Requests a Waiver on the Development of RCND Rate Base

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

PRO FORMA ADJUSTMENTS TO ORIGINAL COST RATE BASE

DESCRIPTION	ACTUAL AT 12-31-00	PRO FORMA ADJUSTMENTS	ADJUSTED AMOUNT
Gross Utility Plant In Service	\$9,464,287		\$9,464,287
Less: Accumulated Depreciation	1,453,012		1,453,012
Net Utility Plant In Service	8,011,275		8,011,275
Plus:			
CWIP	\$54,411	\$443,064	\$497,475
Allowance for Working Capital	138,358	0	138,358
	\$192,769	\$443,064	\$635,833
Less:			
AIAC	\$1,169,014	\$0	\$1,169,014
Deferred Income Taxes	10,568	267,484	278,052
Meter Advances	896,344	0	896,344
	\$2,075,926	\$267,484	\$2,343,410
Total Rate Base	\$6,128,118	\$175,580	\$6,303,698

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

OPERATING INCOME STATEMENT

DESCRIPTION	ACTUAL AT 12-31-00 (1)	PRO FORMA (2) ADJUSTMENTS	ADJUSTED AMOUNT
Revenues:			
Water Sales	\$1,566,516	\$55,347	\$1,621,863
Other Water Revenues	48,837	12,903	61,740
Total Revenues	1,615,353	68,250	1,683,603
Operating Expenses:			
Salaries & Wages	282,126	11,135	293,261
Employee Pensions & Benefits	65,024	10,606	75,630
Purchased Power	281,008	10,832	291,840
Outside Services - Legal & Eng.	147,738	(26,165)	121,573
Outside Services - Oper. & Maint.	320,660	14,058	334,718
Rental Expense	35,593	0	35,593
Materials & Supplies	48,373	0	48,373
General & Administrative	92,392	8,043	100,435
Depreciation & Amortization	184,227	0	184,227
Property Taxes	74,019	42,513	116,532
Income Taxes	198,846	(188,178)	10,668
Total Operating Expenses	1,730,006	(117,156)	1,612,850
Operating Income	(\$114,653)	\$185,406	\$70,753

Supporting Schedules:

- (1) Schedule E-6
- (2) Schedule C-2

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

PRO FORMA ADJUSTMENTS TO OPERATING INCOME STATEMENT

DESCRIPTION	AMOUNT
OPERATING REVENUES - WATER SALES:	
Annualization - Year-End Customers	\$98,996
Reconciliation to Bill Count	(\$17,857)
Normalization of Hydrant Sales	(25,792)
Pro Forma Adjustment - Water Sales	\$55,347
OPERATING REVENUES - OTHER WATER SALES:	
Reclassification of Miscellaneous Revenues	\$12,903
SALARIES & WAGES:	
Customer Accounting - Year-End Customer Adjustment	\$6,996
Annualization of Salary & Wage Expense	4,139
Pro Forma Adjustment - Salaries & Wages	\$11,135
FRINGE BENEFITS:	
Annualization of Fringe Benefit Expense	\$10,606
PURCHASED POWER:	
Increased Pumping Power - Year-End Customer Adjustment	\$17,500
Reduced Pumping Power - Hydrant Sales Normalization	(\$6,668)
	\$10,832
OUTSIDE SERVICES - LEGAL & ENGINEERING:	
Elimination on Non-Recurring Expenses	(\$26,165)
OUTSIDE SERVICES - OPERATION & MAINTENANCE:	
Increase in Variable O & M - Year-End Customer Adjustment	\$3,658
Annualization of SunCor Charges	10,400
Pro Forma Adjustment - Outside Services - O&M	\$14,058

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

PRO FORMA ADJUSTMENTS TO OPERATING INCOME STATEMENT

DESCRIPTION	AMOUNT
GENERAL & ADMINISTRATIVE:	
Adjustment to Amortize Estimated Rate Case Expenses Over 3 Years	\$8,043
PROPERTY TAXES:	
Adjustment to Increase Property Taxes to 2001 Expense Levels:	
Pro Forma Adjustment - Property Tax Expense	\$42,513
INCOME TAXES:	
Income Taxes on Pro Forma Adjustments:	
Revenues	\$68,250
Expenses	71,022
Net Pro Forma Operating Income Adjustment Before Income Taxes	(\$2,772)
Income Taxes @ 38.598%	(1,070)
Adjustment to Book Income Taxes Based on 2000 Taxable Income	(187,108)
Net Pro Forma Adjustment to Income Taxes	(\$188,178)

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

SUMMARY OF WATER REVENUES AT PRESENT AND PROPOSED RATES

DESCRIPTION	REVENUES IN THE TEST YEAR (1)		INCREASE	
	PRESENT	PROPOSED	AMOUNT	PERCENT
3/4" Meters (2)	\$740,155	\$1,107,543	\$367,388	49.64%
1" Meters	373,582	562,428	188,846	50.55%
1 1/2" Meters	99,593	151,178	51,585	51.80%
2" Meters	301,345	457,671	156,326	51.88%
4" Meters	67,554	102,965	35,411	52.42%
10" Meters	17,634	26,885	9,251	52.46%
Hydrant Sales	22,000	73,500	51,500	234.09%
Total Metered Sales	1,621,863	2,482,170	860,307	53.04%
Other Revenues	61,740	77,270	15,530	25.15%
Total Water Revenues	<u>\$1,683,603</u>	<u>\$2,559,440</u>	<u>\$875,837</u>	<u>52.02%</u>

NOTES:

(1) Including Revenue Pro Forma Adjustments

(2) Includes 5/8"x3/4" Meters

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

PROPOSED CHANGES IN WATER RATES

DESCRIPTION	PRESENT RATE	PROPOSED RATE
5/8" x 3/4" METERS:		
Monthly Service Charge	\$5.20	\$7.30
Rate Per 1,000 - First 5,000	0.63	1.02
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36
3/4" METERS:		
Monthly Service Charge	\$6.40	\$9.00
Rate Per 1,000 - First 5,000	0.63	1.02
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36
1" METERS:		
Monthly Service Charge	\$11.25	\$15.90
Rate Per 1,000 - First 5,000	0.63	1.02
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36
1 1/2" METERS:		
Monthly Service Charge	\$22.00	\$31.25
Rate Per 1,000 - First 5,000	0.63	1.02
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36
2" METERS:		
Monthly Service Charge	\$43.70	\$62.95
Rate Per 1,000 - First 5,000	0.63	1.02
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION

Test Year Ended December 31, 2000

PROPOSED CHANGES IN WATER RATES

DESCRIPTION	PRESENT RATE	PROPOSED RATE
4" METERS:		
Monthly Service Charge	\$101.20	\$144.25
Rate Per 1,000 - First 5,000	0.63	1.02
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36
8" METERS:		
Monthly Service Charge	\$172.50	\$242.00
Rate Per 1,000 - First 5,000	0.63	1.02
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36
10" METERS:		
Monthly Service Charge	\$254.25	\$362.00
Rate Per 1,000 - First 5,000	0.63	1.02
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36
12" METERS & LARGER:		
Monthly Service Charge	\$345.00	\$483.00
Rate Per 1,000 - First 5,000	0.63	1.02
Rate Per 1,000 - All Usage Over 5,000	0.88	1.36
CONSTRUCTION WATER:		
Monthly Service Charge	No Rate	\$100.00
Rate Per 1,000 - All Usage	\$0.88	\$2.50
Meter Deposit	\$400.00	\$1,500.00

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

PROPOSED CHANGES IN OTHER RATES & CHARGES (1)

DESCRIPTION	PRESENT RATE	PROPOSED RATE
SERVICE CHARGES:		
Establishment of Service:		
Regular Hours	\$15.00	\$20.00
After Hours	30.00	40.00
Re-Establishment of Service Within 12 Months:		
Monthly Minimum Times Months Disconnected for		No Change
Both Water and Sewer Service (R14-2-403)		No Change
Re-Connection of Service:		
Regular Hours	\$30.00	\$50.00
After Hours	45.00	65.00
Water Meter Test (If Correct)	\$25 Plus Cost of Test	No Change
Meter Re-read (If Correct)	5.00	No Change
NSF Check Charge	15.00	20.00
Late Charge	1 1/2% Per Mo.	No Change
Service Calls - Per Hour:		
After Hours Only	\$30.00	\$40.00
Deposit Requirements	ACC Rule R14-2-403B	No Change
Deposit Interest	ACC Rule R14-2-403B	No Change
REFUNDABLE METER INSTALLATION CHARGES:		
Scheduled Installation Charges:		
3/4" Meters	\$300.00	\$500.00
1" Meters	325.00	600.00
1 1/2" Meters	500.00	750.00
2" Meters	675.00	1,300.00
Unscheduled Installation Charges:		
Charges For Installation of Meters That are 4" or Greater In Diameter Shall be Based on Actual Costs.		

NOTE:

(1) Other Rates & Charges for Customers Receiving Both Water and Sewer Service are not Duplicative.

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

TYPICAL BILL ANALYSIS

DESCRIPTION	WATER USAGE	BILL AT: (1)		PERCENT INCREASE
		PRESENT RATES	PROPOSED RATES	
5/8"X3/4" METERS:				
	5,000	\$8.35	\$12.40	48.50%
	10,000	12.75	19.20	50.59%
	15,000	17.15	26.00	51.60%
	20,000	21.55	32.80	52.20%
	25,000	25.95	39.60	52.60%
	30,000	30.35	46.40	52.88%
	40,000	39.15	60.00	53.26%
	50,000	47.95	73.60	53.49%
Median Usage	500	\$5.52	\$7.81	41.61%
Average Usage	4,241	7.87	11.63	47.69%
3/4" METERS:				
	5,000	\$9.55	\$14.10	47.64%
	10,000	13.95	20.90	49.82%
	15,000	18.35	27.70	50.95%
	20,000	22.75	34.50	51.65%
	25,000	27.15	41.30	52.12%
	30,000	31.55	48.10	52.46%
	40,000	40.35	61.70	52.91%
	50,000	49.15	75.30	53.20%
Median Usage	6,500	\$10.87	\$16.14	48.48%
Average Usage	10,320	14.23	21.34	49.91%
1" METERS:				
	5,000	\$14.40	\$21.00	45.83%
	10,000	18.80	27.80	47.87%
	15,000	23.20	34.60	49.14%
	20,000	27.60	41.40	50.00%
	25,000	32.00	48.20	50.63%
	30,000	36.40	55.00	51.10%
	40,000	45.20	68.60	51.77%
	50,000	54.00	82.20	52.22%
Median Usage	17,000	\$24.96	\$37.32	49.52%
Average Usage	24,807	31.83	47.94	50.60%

NOTES:
(1) Excluding Revenue Taxes

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

TYPICAL BILL ANALYSIS

DESCRIPTION	WATER USAGE	BILL AT: (1)		PERCENT INCREASE
		PRESENT RATES	PROPOSED RATES	
1 1/2" METERS:				
	20,000	\$38.35	\$56.75	47.98%
	40,000	55.95	83.95	50.04%
	60,000	73.55	111.15	51.12%
	80,000	91.15	138.35	51.78%
	100,000	108.75	165.55	52.23%
	150,000	152.75	233.55	52.90%
	200,000	196.75	301.55	53.27%
	250,000	240.75	369.55	53.50%
Median Usage	45,000	\$60.35	\$90.75	50.37%
Average Usage	81,100	92.12	139.85	51.81%
2" METERS:				
	50,000	\$85.95	\$129.25	50.38%
	100,000	129.95	197.25	51.79%
	150,000	173.95	265.25	52.49%
	200,000	217.95	333.25	52.90%
	250,000	261.95	401.25	53.18%
	300,000	305.95	469.25	53.37%
	350,000	349.95	537.25	53.52%
	400,000	393.95	605.25	53.64%
Median Usage	65,000	\$99.15	\$149.65	50.93%
Average Usage	138,100	163.48	249.07	52.35%
4" METERS:				
	200,000	\$275.95	\$414.55	50.23%
	400,000	451.95	686.55	51.91%
	600,000	627.95	958.55	52.65%
	800,000	803.95	1,230.55	53.06%
	1,000,000	979.95	1,502.55	53.33%
	1,200,000	1,155.95	1,774.55	53.51%
	1,400,000	1,331.95	2,046.55	53.65%
	1,600,000	1,507.95	2,318.55	53.76%
Median Usage	350,000	\$407.95	\$618.55	51.62%
Average Usage	525,800	562.65	857.64	52.43%

NOTES:
(1) Excluding Revenue Taxes

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

BILL COUNT

DESCRIPTION	BLOCK				CUMULATIVE			
	BILLS	PERCENT	GALLONS	PERCENT	BILLS	PERCENT	GALLONS	PERCENT
5/8" METERS:								
No Usage	558	45.37%	0	0.00%	558	45.37%	0	0.00%
0-1,000	62	5.04%	50,156	0.96%	620	50.41%	50,156	0.96%
1,000 - 2,000	67	5.45%	104,768	2.01%	687	55.85%	154,924	2.97%
2,000 - 3,000	126	10.24%	328,404	6.29%	813	66.10%	483,328	9.26%
3,000 - 4,000	55	4.47%	207,520	3.98%	868	70.57%	690,848	13.24%
4,000 - 5,000	52	4.23%	235,936	4.52%	920	74.80%	926,784	17.76%
5,000 - 6,000	91	7.40%	510,964	9.79%	1,011	82.20%	1,437,748	27.56%
6,000 - 7,000	31	2.52%	209,764	4.02%	1,042	84.72%	1,647,512	31.58%
7,000 - 8,000	26	2.11%	195,520	3.75%	1,068	86.83%	1,843,032	35.33%
8,000 - 9,000	36	2.93%	309,020	5.92%	1,104	89.76%	2,152,052	41.25%
9,000 - 10,000	16	1.30%	156,136	2.99%	1,120	91.06%	2,308,188	44.24%
10,000 - 12,000	30	2.44%	334,784	6.42%	1,150	93.50%	2,642,972	50.66%
12,000 - 14,000	18	1.46%	239,828	4.60%	1,168	94.96%	2,882,800	55.26%
14,000 - 16,000	11	0.89%	170,004	3.26%	1,179	95.85%	3,052,804	58.52%
16,000 - 18,000	18	1.46%	314,956	6.04%	1,197	97.32%	3,367,760	64.55%
18,000 - 20,000	4	0.33%	77,596	1.49%	1,201	97.64%	3,445,356	66.04%
20,000 - 25,000	6	0.49%	137,444	2.63%	1,207	98.13%	3,582,800	68.68%
25,000 - 30,000	6	0.49%	164,380	3.15%	1,213	98.62%	3,747,180	71.83%
30,000 - 40,000	4	0.33%	137,972	2.64%	1,217	98.94%	3,885,152	74.47%
40,000 - 50,000	1	0.08%	48,000	0.92%	1,218	99.02%	3,933,152	75.39%
50,000 - 60,000	3	0.24%	160,596	3.08%	1,221	99.27%	4,093,748	78.47%
60,000 - 70,000	1	0.08%	70,000	1.34%	1,222	99.35%	4,163,748	79.81%
70,000 - 80,000	2	0.16%	151,844	2.91%	1,224	99.51%	4,315,592	82.72%
80,000 - 90,000	0	0.00%	0	0.00%	1,224	99.51%	4,315,592	82.72%
90,000 - 100,000	3	0.24%	287,232	5.51%	1,227	99.76%	4,602,824	88.23%
Over 100,000	3	0.24%	614,108	11.77%	1,230	100.00%	5,216,932	100.00%
Total	1,230	100.00%	5,216,932	100.00%				

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

BILL COUNT (1)

DESCRIPTION	BLOCK				CUMULATIVE			
	BILLS	PERCENT	GALLONS	PERCENT	BILLS	PERCENT	GALLONS	PERCENT
3/4" METERS:								
No Usage	2,103	4.50%	0	0.00%	2,103	4.50%	0	0.00%
0-1,000	2,391	5.12%	1,315,050	0.27%	4,494	9.62%	1,315,050	0.27%
1,000 - 2,000	2,521	5.40%	3,907,550	0.81%	7,015	15.02%	5,222,600	1.08%
2,000 - 3,000	3,059	6.55%	7,800,450	1.62%	10,074	21.57%	13,023,050	2.70%
3,000 - 4,000	3,336	7.14%	11,842,800	2.46%	13,410	28.71%	24,865,850	5.16%
4,000 - 5,000	3,712	7.95%	16,889,600	3.50%	17,122	36.66%	41,755,450	8.66%
5,000 - 6,000	3,753	8.04%	22,357,112	4.64%	20,875	44.70%	64,112,562	13.30%
6,000 - 7,000	3,165	6.78%	22,097,648	4.58%	24,040	51.47%	86,210,210	17.89%
7,000 - 8,000	2,636	5.64%	20,995,960	4.36%	26,676	57.12%	107,206,170	22.24%
8,000 - 9,000	2,518	5.39%	22,526,972	4.67%	29,194	62.51%	129,733,142	26.91%
9,000 - 10,000	1,927	4.13%	19,227,772	3.99%	31,121	66.63%	148,960,914	30.90%
10,000 - 12,000	3,267	6.99%	37,307,528	7.74%	34,388	73.63%	186,268,442	38.64%
12,000 - 14,000	2,332	4.99%	31,314,020	6.50%	36,720	78.62%	217,582,462	45.14%
14,000 - 16,000	1,886	4.04%	29,003,828	6.02%	38,606	82.66%	246,586,290	51.16%
16,000 - 18,000	1,473	3.15%	25,662,756	5.32%	40,079	85.81%	272,249,046	56.48%
18,000 - 20,000	1,101	2.36%	21,363,692	4.43%	41,180	88.17%	293,612,738	60.91%
20,000 - 25,000	2,096	4.49%	47,481,024	9.85%	43,276	92.66%	341,093,762	70.76%
25,000 - 30,000	1,161	2.49%	32,055,300	6.65%	44,437	95.14%	373,149,062	77.41%
30,000 - 40,000	1,178	2.52%	40,897,308	8.48%	45,615	97.67%	414,046,370	85.90%
40,000 - 50,000	470	1.01%	21,003,992	4.36%	46,085	98.67%	435,050,362	90.26%
50,000 - 60,000	229	0.49%	12,507,028	2.59%	46,314	99.16%	447,557,390	92.85%
60,000 - 70,000	133	0.28%	8,593,404	1.78%	46,447	99.45%	456,150,794	94.63%
70,000 - 80,000	74	0.16%	5,509,500	1.14%	46,521	99.61%	461,660,294	95.78%
80,000 - 90,000	38	0.08%	3,204,696	0.66%	46,559	99.69%	464,864,990	96.44%
90,000 - 100,000	28	0.06%	2,653,680	0.55%	46,587	99.75%	467,518,670	96.99%
Over 100,000	118	0.25%	14,503,738	3.01%	46,705	100.00%	482,022,408	100.00%
Total	46,705	100.00%	482,022,408	100.00%				

NOTE:

(1) Excludes Pro Forma Adjustments

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

BILL COUNT (1)

DESCRIPTION	BLOCK				CUMULATIVE			
	BILLS	PERCENT	GALLONS	PERCENT	BILLS	PERCENT	GALLONS	PERCENT
1" METERS:								
No Usage	496	4.62%	0	0.00%	496	4.62%	0	0.00%
0-1,000	335	3.12%	324,912	0.12%	831	7.74%	324,912	0.12%
1,000 - 2,000	280	2.61%	545,384	0.20%	1,111	10.35%	870,296	0.33%
2,000 - 3,000	331	3.08%	962,304	0.36%	1,442	13.43%	1,832,600	0.69%
3,000 - 4,000	265	2.47%	1,043,360	0.39%	1,707	15.90%	2,875,960	1.08%
4,000 - 5,000	270	2.52%	1,307,504	0.49%	1,977	18.42%	4,183,464	1.57%
5,000 - 6,000	372	3.47%	2,170,012	0.81%	2,349	21.88%	6,353,476	2.39%
6,000 - 7,000	264	2.46%	1,823,612	0.68%	2,613	24.34%	8,177,088	3.07%
7,000 - 8,000	272	2.53%	2,131,280	0.80%	2,885	26.88%	10,308,368	3.87%
8,000 - 9,000	393	3.66%	3,458,100	1.30%	3,278	30.54%	13,766,468	5.17%
9,000 - 10,000	260	2.42%	2,567,432	0.96%	3,538	32.96%	16,333,900	6.13%
10,000 - 12,000	607	5.65%	6,900,932	2.59%	4,145	38.62%	23,234,832	8.73%
12,000 - 14,000	480	4.47%	6,379,220	2.40%	4,625	43.09%	29,614,052	11.12%
14,000 - 16,000	503	4.69%	7,629,948	2.87%	5,128	47.77%	37,244,000	13.99%
16,000 - 18,000	452	4.21%	7,814,064	2.93%	5,580	51.98%	45,058,064	16.92%
18,000 - 20,000	374	3.48%	7,208,596	2.71%	5,954	55.47%	52,266,660	19.63%
20,000 - 25,000	927	8.64%	20,860,384	7.83%	6,881	64.10%	73,127,044	27.46%
25,000 - 30,000	764	7.12%	21,154,996	7.94%	7,645	71.22%	94,282,040	35.41%
30,000 - 40,000	1,070	9.97%	37,215,952	13.98%	8,715	81.19%	131,497,992	49.38%
40,000 - 50,000	659	6.14%	29,491,156	11.08%	9,374	87.33%	160,989,148	60.46%
50,000 - 60,000	481	4.48%	26,252,556	9.86%	9,855	91.81%	187,241,704	70.32%
60,000 - 70,000	265	2.47%	17,242,756	6.48%	10,120	94.28%	204,484,460	76.79%
70,000 - 80,000	193	1.80%	14,440,772	5.42%	10,313	96.08%	218,925,232	82.22%
80,000 - 90,000	149	1.39%	12,653,448	4.75%	10,462	97.47%	231,578,680	86.97%
90,000 - 100,000	90	0.84%	8,482,168	3.19%	10,552	98.30%	240,060,848	90.15%
Over 100,000	182	1.70%	26,221,288	9.85%	10,734	100.00%	266,282,136	100.00%
Total	10,734	100.00%	266,282,136	100.00%				

NOTE:

(1) Excludes Pro Forma Adjustments

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

BILL COUNT (1)

DESCRIPTION	BLOCK				CUMULATIVE			
	BILLS	PERCENT	GALLONS	PERCENT	BILLS	PERCENT	GALLONS	PERCENT
1 1/2" METERS:								
No Usage	59	5.65%	0	0.00%	59	5.65%	0	0.00%
0 - 5,000	43	4.11%	114,020	0.13%	102	9.76%	114,020	0.13%
5,000 - 20,000	204	19.52%	2,425,360	2.86%	306	29.28%	2,539,380	3.00%
20,000 - 40,000	201	19.23%	5,954,864	7.03%	507	48.52%	8,494,244	10.02%
40,000 - 60,000	145	13.88%	7,193,440	8.49%	652	62.39%	15,687,684	18.51%
60,000 - 80,000	83	7.94%	5,796,380	6.84%	735	70.33%	21,484,064	25.35%
80,000 - 100,000	46	4.40%	4,077,404	4.81%	781	74.74%	25,561,468	30.16%
100,000 - 120,000	55	5.26%	6,036,688	7.12%	836	80.00%	31,598,156	37.28%
120,000 - 140,000	33	3.16%	4,237,100	5.00%	869	83.16%	35,835,256	42.28%
140,000 - 160,000	31	2.97%	4,624,640	5.46%	900	86.12%	40,459,896	47.74%
160,000 - 180,000	36	3.44%	6,115,372	7.22%	936	89.57%	46,575,268	54.95%
180,000 - 200,000	14	1.34%	2,652,928	3.13%	950	90.91%	49,228,196	58.08%
200,000 - 250,000	27	2.58%	6,041,768	7.13%	977	93.49%	55,269,964	65.21%
250,000 - 300,000	12	1.15%	3,306,444	3.90%	989	94.64%	58,576,408	69.11%
300,000 - 400,000	24	2.30%	8,138,780	9.60%	1,013	96.94%	66,715,188	78.72%
400,000 - 500,000	13	1.24%	5,703,660	6.73%	1,026	98.18%	72,418,848	85.45%
Over 500,000	19	1.82%	12,334,048	14.55%	1,045	100.00%	84,752,896	100.00%
Total	1,045	100.00%	84,752,896	100.00%				

NOTE:

(1) Excludes Pro Forma Adjustments

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

BILL COUNT (1)

DESCRIPTION	BLOCK				CUMULATIVE			
	BILLS	PERCENT	GALLONS	PERCENT	BILLS	PERCENT	GALLONS	PERCENT
2" METERS:								
No Usage	171	9.67%	0	0.00%	171	9.67%	0	0.00%
0 - 5,000	105	5.94%	317,220	0.13%	276	15.61%	317,220	0.13%
5,000 - 20,000	198	11.20%	2,616,504	1.07%	474	26.81%	2,933,724	1.20%
20,000 - 40,000	211	11.93%	6,387,336	2.62%	685	38.74%	9,321,060	3.82%
40,000 - 60,000	151	8.54%	7,596,984	3.11%	836	47.29%	16,918,044	6.93%
60,000 - 80,000	132	7.47%	9,217,548	3.78%	968	54.75%	26,135,592	10.70%
80,000 - 100,000	115	6.50%	10,421,424	4.27%	1,083	61.26%	36,557,016	14.97%
100,000 - 120,000	75	4.24%	8,263,516	3.38%	1,158	65.50%	44,820,532	18.36%
120,000 - 140,000	76	4.30%	9,793,192	4.01%	1,234	69.80%	54,613,724	22.37%
140,000 - 160,000	65	3.68%	9,758,956	4.00%	1,299	73.47%	64,372,680	26.36%
160,000 - 180,000	50	2.83%	8,491,104	3.48%	1,349	76.30%	72,863,784	29.84%
180,000 - 200,000	65	3.68%	12,336,464	5.05%	1,414	79.98%	85,200,248	34.89%
200,000 - 250,000	90	5.09%	20,255,328	8.30%	1,504	85.07%	105,455,576	43.19%
250,000 - 300,000	54	3.05%	14,712,288	6.03%	1,558	88.12%	120,167,864	49.22%
300,000 - 400,000	69	3.90%	23,870,488	9.78%	1,627	92.02%	144,038,352	58.99%
400,000 - 500,000	44	2.49%	19,575,368	8.02%	1,671	94.51%	163,613,720	67.01%
Over 500,000	97	5.49%	80,553,240	32.99%	1,768	100.00%	244,166,960	100.00%
Total	1,768	100.00%	244,166,960	100.00%				

NOTE:

(1) Excludes Pro Forma Adjustments

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

BILL COUNT

DESCRIPTION	BLOCK				CUMULATIVE			
	BILLS	PERCENT	GALLONS	PERCENT	BILLS	PERCENT	GALLONS	PERCENT
4" METERS:								
No Usage	25	20.83%	0	0.00%	25	20.83%	0	0.00%
0 - 5,000	5	4.17%	8,976	0.01%	30	25.00%	8,976	0.01%
5,000 - 100,000	11	9.17%	685,096	1.09%	41	34.17%	694,072	1.10%
100,000 - 150,000	4	3.33%	507,060	0.80%	45	37.50%	1,201,132	1.90%
150,000 - 200,000	0	0.00%	0	0.00%	45	37.50%	1,201,132	1.90%
200,000 - 300,000	10	8.33%	2,442,448	3.87%	55	45.83%	3,643,580	5.77%
300,000 - 400,000	7	5.83%	2,545,752	4.03%	62	51.67%	6,189,332	9.81%
400,000 - 500,000	11	9.17%	4,856,016	7.70%	73	60.83%	11,045,348	17.51%
500,000 - 600,000	10	8.33%	5,561,120	8.81%	83	69.17%	16,606,468	26.32%
600,000 - 700,000	7	5.83%	4,440,336	7.04%	90	75.00%	21,046,804	33.36%
700,000 - 800,000	8	6.67%	5,951,116	9.43%	98	81.67%	26,997,920	42.79%
800,000 - 900,000	6	5.00%	5,090,956	8.07%	104	86.67%	32,088,876	50.86%
900,000 - 1,000,000	4	3.33%	3,818,268	6.05%	108	90.00%	35,907,144	56.91%
1,000,000 - 1,200,000	3	2.50%	3,398,976	5.39%	111	92.50%	39,306,120	62.30%
1,200,000 - 1,400,000	2	1.67%	2,460,000	3.90%	113	94.17%	41,766,120	66.19%
Over 1,400,000	7	5.83%	21,330,000	33.81%	120	100.00%	63,096,120	100.00%
Total	120	100.00%	63,096,120	100.00%				

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

BILL COUNT

DESCRIPTION	BLOCK				CUMULATIVE			
	BILLS	PERCENT	GALLONS	PERCENT	BILLS	PERCENT	GALLONS	PERCENT
10" METERS:								
No Usage	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0 - 5,000	0	0.00%	0	0.00%	0	0.00%	0	0.00%
5,000 - 100,000	0	0.00%	0	0.00%	0	0.00%	0	0.00%
100,000 - 150,000	0	0.00%	0	0.00%	0	0.00%	0	0.00%
150,000 - 200,000	0	0.00%	0	0.00%	0	0.00%	0	0.00%
200,000 - 300,000	0	0.00%	0	0.00%	0	0.00%	0	0.00%
300,000 - 400,000	0	0.00%	0	0.00%	0	0.00%	0	0.00%
400,000 - 500,000	0	0.00%	0	0.00%	0	0.00%	0	0.00%
500,000 - 600,000	0	0.00%	0	0.00%	0	0.00%	0	0.00%
600,000 - 700,000	2	16.67%	1,326,000	7.99%	2	16.67%	1,326,000	7.99%
700,000 - 800,000	0	0.00%	0	0.00%	2	16.67%	1,326,000	7.99%
800,000 - 900,000	0	0.00%	0	0.00%	2	16.67%	1,326,000	7.99%
900,000 - 1,000,000	0	0.00%	0	0.00%	2	16.67%	1,326,000	7.99%
1,000,000 - 1,200,000	3	25.00%	3,261,600	19.66%	5	41.67%	4,587,600	27.65%
1,200,000 - 1,400,000	1	8.33%	1,232,600	7.43%	6	50.00%	5,820,200	35.08%
Over 1,400,000	6	50.00%	10,769,000	64.92%	12	100.00%	16,589,200	100.00%
Total	12	100.00%	16,589,200	100.00%				

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
COST OF SERVICE SUMMARY - PRESENT RATES
Test Year Ended December 31, 2000

DESCRIPTION	METER SIZE						
	TOTAL	3/4"	1"	1 1/2"	2"	4"	10"
Water Revenues:							
Water Sales	\$1,599,863	\$740,155	\$373,582	\$99,593	\$301,345	\$67,554	\$17,634
Hydrant Sales	22,000	9,364	5,156	1,557	4,507	1,121	295
Other Water Revenues	61,740	48,040	10,866	1,004	1,707	112	11
Total Water Revenues	1,683,603	797,559	389,604	102,154	307,559	68,787	17,940
Operating Expenses:							
Salaries & Wages	293,261	190,175	58,132	10,044	26,449	5,914	2,546
Employee Benefits	75,630	49,045	14,992	2,590	6,821	1,525	657
Purchased Power	291,840	124,218	68,396	20,653	59,785	14,877	3,911
Outside Services - Legal & Eng.	121,573	74,508	24,962	4,443	12,643	3,109	1,908
Outside Services - Oper. & Maint.	334,718	207,517	68,007	12,734	34,722	8,109	3,628
Rental Expenses	35,593	22,737	7,124	1,241	3,344	770	377
Materials & Supplies	48,373	30,487	9,739	1,782	4,792	1,100	473
General & Administrative	100,435	62,688	20,316	3,811	10,278	2,367	975
Depreciation & Amortization	184,227	113,283	37,700	7,129	19,195	4,710	2,210
Property Taxes	116,532	71,656	23,847	4,510	12,142	2,979	1,398
Income Taxes	10,668	(19,490)	7,388	4,352	15,381	3,056	(19)
Total Operating Expenses	1,612,850	926,824	340,603	73,291	205,550	48,517	18,064
Operating Income	\$70,753	(\$129,265)	\$49,001	\$28,863	\$102,008	\$20,270	(\$124)
Rate Base	\$6,303,698	\$3,675,891	\$1,322,487	\$269,904	\$761,926	\$185,980	\$87,510
% Return - Present Rates	1.12%	-3.52%	3.71%	10.69%	13.39%	10.90%	-0.14%
Return Index	1.00	-3.13	3.30	9.53	11.93	9.71	-0.13

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
COST OF SERVICE SUMMARY - PROPOSED RATES
Test Year Ended December 31, 2000

DESCRIPTION	METER SIZE						
	TOTAL	3/4"	1"	1 1/2"	2"	4"	10"
Water Revenues:							
Water Sales	\$2,408,670	\$1,107,543	\$562,428	\$151,178	\$457,671	\$102,965	\$26,885
Hydrant Sales	73,500	31,284	17,226	5,201	15,057	3,747	985
Other Water Revenues	77,270	60,124	13,599	1,257	2,136	140	14
Total Water Revenues	2,559,440	1,198,952	593,253	157,636	474,864	106,851	27,884
Operating Expenses:							
Salaries & Wages	293,261	190,175	58,132	10,044	26,449	5,914	2,546
Employee Benefits	75,630	49,045	14,992	2,590	6,821	1,525	657
Purchased Power	291,840	124,218	68,396	20,653	59,785	14,877	3,911
Outside Services - Legal & Eng.	121,573	74,508	24,962	4,443	12,643	3,109	1,908
Outside Services - Oper. & Maint.	334,718	207,517	68,007	12,734	34,722	8,109	3,628
Rental Expenses	35,593	22,737	7,124	1,241	3,344	770	377
Materials & Supplies	48,373	30,487	9,739	1,782	4,792	1,100	473
General & Administrative	100,435	62,688	20,316	3,811	10,278	2,367	975
Depreciation & Amortization	184,227	113,283	37,700	7,129	19,195	4,710	2,210
Property Taxes	116,532	71,656	23,847	4,510	12,142	2,979	1,398
Income Taxes	348,724	135,439	85,993	25,767	79,957	17,748	3,819
Total Operating Expenses	1,950,906	1,081,753	419,208	94,706	270,127	63,209	21,902
Operating Income	<u>\$608,534</u>	<u>\$117,198</u>	<u>\$174,045</u>	<u>\$62,930</u>	<u>\$204,737</u>	<u>\$43,642</u>	<u>\$5,982</u>
Rate Base	<u>\$6,303,698</u>	<u>\$3,675,891</u>	<u>\$1,322,487</u>	<u>\$269,904</u>	<u>\$761,926</u>	<u>\$185,980</u>	<u>\$87,510</u>
% Return - Proposed Rates	9.65%	3.19%	13.16%	23.32%	26.87%	23.47%	6.84%
Return Index	1.00	0.33	1.36	2.42	2.78	2.43	0.71

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

UNIT COSTS		METER SIZE						
DESCRIPTION	FACTOR	TOTAL	3/4"	1"	1 1/2"	2"	4"	10"
UNIT COSTS - PRESENT RATES:								
DEMAND:								
Amount		\$522,278	\$283,100	\$113,799	\$23,630	\$71,404	\$18,674	\$11,671
Bills		66,410	51,674	11,688	1,080	1,836	120	12
Gallons (000)		1,237,789	526,850	290,089	87,595	253,570	63,096	16,589
Per Bill		\$7.86	\$5.48	\$9.74	\$21.88	\$38.89	\$155.62	\$972.60
Per 1,000 Gallons		\$0.42	\$0.54	\$0.39	\$0.27	\$0.28	\$0.30	\$0.70
COMMODITY:								
Amount		\$530,626	\$225,855	\$124,358	\$37,551	\$108,702	\$27,049	7,112
Per 1,000 Gallons		\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43
CUSTOMER:								
Amount		\$630,699	\$484,839	\$112,140	\$11,244	\$19,905	\$2,140	\$430
Per Bill		\$9.50	\$9.38	\$9.59	\$10.41	\$10.84	\$17.84	\$35.87
UNIT COSTS - PROPOSED RATES:								
DEMAND:								
Amount		\$938,565	\$508,748	\$204,504	\$42,464	\$128,317	\$33,559	\$20,974
Per Bill		\$14.13	\$9.85	\$17.50	\$39.32	\$69.89	\$279.66	\$1,747.82
Per 1,000 Gallons		\$0.76	\$0.97	\$0.70	\$0.48	\$0.51	\$0.53	\$1.26
COMMODITY:								
Amount		\$727,090	\$309,477	\$170,401	\$51,454	\$148,949	\$37,063	\$9,745
Per 1,000 Gallons		\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59
CUSTOMER:								
Amount		\$893,427	\$686,090	\$159,063	\$15,991	\$28,564	\$3,071	\$648
Per Bill		\$13.45	\$13.28	\$13.61	\$14.81	\$15.56	\$25.59	\$54.02

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

ALLOCATION OF RATE BASE			METER SIZE					
DESCRIPTION	FACTOR	TOTAL	3/4"	1"	1 1/2"	2"	4"	10"
GROSS UTILITY PLANT:								
Demand	D-1	\$3,835,609	\$2,079,084	\$835,741	\$173,538	\$524,389	\$137,143	\$85,713
Commodity	CM-1	1,311,971	558,424	307,475	92,845	268,766	66,878	17,583
Customer	C-1	1,343,398	1,045,306	236,435	21,847	37,140	2,427	243
Services	C-2	1,755,960	1,350,347	313,713	29,969	56,720	4,034	1,177
Meters	C-3	1,217,349	786,505	243,399	48,059	99,073	31,495	8,819
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$9,464,287	\$5,819,665	\$1,936,762	\$366,258	\$986,089	\$241,977	\$113,535
ACCUMULATED DEPR.:								
Demand	D-1	\$588,865	\$319,193	\$128,308	\$26,643	\$80,507	\$21,055	\$13,159
Commodity	CM-1	201,421	85,733	47,205	14,254	41,263	10,267	2,700
Customer	C-1	206,246	160,481	36,299	3,354	5,702	373	37
Services	C-2	269,585	207,313	48,163	4,601	8,708	619	181
Meters	C-3	186,894	120,749	37,368	7,378	15,210	4,835	1,354
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$1,453,012	\$893,469	\$297,343	\$56,230	\$151,390	\$37,150	\$17,431
NET PLANT IN SERVICE		\$8,011,275	\$4,926,197	\$1,639,419	\$310,028	\$834,699	\$204,827	\$96,105
PLUS:								
CWIP:								
Demand	D-1	\$166,980	\$90,511	\$36,383	\$7,555	\$22,829	\$5,970	\$3,731
Commodity	CM-1	308,075	131,128	72,201	21,802	63,111	15,704	4,129
Customer	C-1	0	0	0	0	0	0	0
Services	C-2	0	0	0	0	0	0	0
Meters	C-3	22,420	14,485	4,483	885	1,825	580	162
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		497,475	236,125	113,067	30,242	87,765	22,255	8,023

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

ALLOCATION OF RATE BASE			METER SIZE					
DESCRIPTION	FACTOR	TOTAL	3/4"	1"	1 1/2"	2"	4"	10"
WORKING CAPITAL:								
Demand	D-1	\$45,209	\$24,506	\$9,851	\$2,045	\$6,181	\$1,616	\$1,010
Commodity	CM-1	34,513	14,690	8,088	2,442	7,070	1,759	463
Customer	C-1	58,636	45,625	10,320	954	1,621	106	11
Services	C-2	0	0	0	0	0	0	0
Meters	C-3	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$138,358	\$84,820	\$28,259	\$5,441	\$14,872	\$3,482	\$1,483
LESS:								
METER ADVANCES & AIAC:								
Demand	D-1	\$348,858	\$189,098	\$76,013	\$15,784	\$47,694	\$12,474	\$7,796
Commodity	CM-1	0	0	0	0	0	0	0
Customer	C-1	149,510	116,335	26,313	2,431	4,133	270	27
Services	C-2	670,646	515,732	119,815	11,446	21,663	1,541	449
Meters	C-3	896,344	579,110	179,217	35,386	72,948	23,190	6,494
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$2,065,358	\$1,400,274	\$401,358	\$65,047	\$146,439	\$37,474	\$14,766
DEFERRED TAXES:								
Demand	D-1	\$112,687	\$61,082	\$24,553	\$5,098	\$15,406	\$4,029	\$2,518
Commodity	CM-1	38,544	16,406	9,033	2,728	7,896	1,965	517
Customer	C-1	39,468	30,710	6,946	642	1,091	71	7
Services	C-2	51,588	39,672	9,217	880	1,666	119	35
Meters	C-3	35,765	23,107	7,151	1,412	2,911	925	259
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$278,052	\$170,976	\$56,900	\$10,760	\$28,970	\$7,109	\$3,336
TOTAL RATE BASE		\$6,303,698	\$3,675,891	\$1,322,487	\$269,904	\$761,926	\$185,980	\$87,510

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

ALLOCATION OF INCOME STATEMENT

METER SIZE

DESCRIPTION	FACTOR	TOTAL	3/4"	1"	1 1/2"	2"	4"	10"
REVENUES - PRESENT RATES:								
Water Sales		\$1,599,863	\$740,155	\$373,582	\$99,593	\$301,345	\$67,554	\$17,634
Hydrant Sales	CM-1	22,000	9,364	5,156	1,557	4,507	1,121	295
Other Water Revenues	C-1	61,740	48,040	10,866	1,004	1,707	112	11
Total Revenues		\$1,683,603	\$797,559	\$389,604	\$102,154	\$307,559	\$68,787	\$17,940
OPERATING EXPENSES:								
SALARIES & WAGES:								
Demand	D-1	\$80,167	\$43,454	\$17,468	\$3,627	\$10,960	\$2,866	\$1,791
Commodity	CM-1	54,158	23,052	12,693	3,833	11,095	2,761	726
Customer	C-1	158,936	123,669	27,972	2,585	4,394	287	29
Services	C-2	0	0	0	0	0	0	0
Meters	C-3	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$293,261	\$190,175	\$58,132	\$10,044	\$26,449	\$5,914	\$2,546
EMPLOYEE BENEFITS:								
Demand	D-1	\$20,674	\$11,207	\$4,505	\$935	\$2,827	\$739	\$462
Commodity	CM-1	13,967	5,945	3,273	988	2,861	712	187
Customer	C-1	40,989	31,893	7,214	667	1,133	74	7
Services	C-2	0	0	0	0	0	0	0
Meters	C-3	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$75,630	\$49,045	\$14,992	\$2,590	\$6,821	\$1,525	\$657
PURCHASED POWER:								
Demand	D-1	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commodity	CM-1	291,840	124,218	68,396	20,653	59,785	14,877	3,911
Customer	C-1	0	0	0	0	0	0	0
Services	C-2	0	0	0	0	0	0	0
Meters	C-3	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$291,840	\$124,218	\$68,396	\$20,653	\$59,785	\$14,877	\$3,911

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

ALLOCATION OF INCOME STATEMENT

METER SIZE

DESCRIPTION	FACTOR	TOTAL	3/4"	1"	1 1/2"	2"	4"	10"
OUTSIDE SERVICES - L & E:								
Demand	D-1	\$85,101	\$46,129	\$18,543	\$3,850	\$11,635	\$3,043	\$1,902
Commodity	CM-1	0	0	0	0	0	0	0
Customer	C-1	36,472	28,379	6,419	593	1,008	66	7
Services	C-2	0	0	0	0	0	0	0
Meters	C-3	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$121,573	\$74,508	\$24,962	\$4,443	\$12,643	\$3,109	\$1,908
OUTSIDE SERVICES - O & M:								
Demand	D-1	\$118,827	\$64,410	\$25,891	\$5,376	\$16,246	\$4,249	\$2,655
Commodity	CM-1	70,584	30,043	16,542	4,995	14,460	3,598	946
Customer	C-1	145,306	113,064	25,574	2,363	4,017	263	26
Services	C-2	0	0	0	0	0	0	0
Meters	C-3	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$334,718	\$207,517	\$68,007	\$12,734	\$34,722	\$8,109	\$3,628
RENTAL EXPENSE:								
Demand	D-1	\$13,860	\$7,513	\$3,020	\$627	\$1,895	\$496	\$310
Commodity	CM-1	4,785	2,037	1,122	339	980	244	64
Customer	C-1	16,948	13,187	2,983	276	469	31	3
Services	C-2	0	0	0	0	0	0	0
Meters	C-3	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$35,593	\$22,737	\$7,124	\$1,241	\$3,344	\$770	\$377
MATERIALS & SUPPLIES:								
Demand	D-1	\$14,731	\$7,985	\$3,210	\$666	\$2,014	\$527	\$329
Commodity	CM-1	10,425	4,437	2,443	738	2,136	531	140
Customer	C-1	23,217	18,065	4,086	378	642	42	4
Services	C-2	0	0	0	0	0	0	0
Meters	C-3	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$48,373	\$30,487	\$9,739	\$1,782	\$4,792	\$1,100	\$473

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

ALLOCATION OF INCOME STATEMENT

METER SIZE

DESCRIPTION	FACTOR	TOTAL	3/4"	1"	1 1/2"	2"	4"	10"
GENERAL & ADMINISTRATION:								
Demand	D-1	\$28,313	\$15,347	\$6,169	\$1,281	\$3,871	\$1,012	\$633
Commodity	CM-1	24,903	10,599	5,836	1,762	5,101	1,269	334
Customer	C-1	47,219	36,742	8,310	768	1,305	85	9
Services	C-2	0	0	0	0	0	0	0
Meters	C-3	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$100,435	\$62,688	\$20,316	\$3,811	\$10,278	\$2,367	\$975
DEPRECIATION & AMORT.:								
Demand	D-1	\$74,662	\$40,470	\$16,268	\$3,378	\$10,207	\$2,670	\$1,668
Commodity	CM-1	25,538	10,870	5,985	1,807	5,232	1,302	342
Customer	C-1	26,150	20,347	4,602	425	723	47	5
Services	C-2	34,181	26,285	6,107	583	1,104	79	23
Meters	C-3	23,696	15,310	4,738	935	1,929	613	172
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		184,227	113,283	37,700	7,129	19,195	4,710	2,210
PROPERTY TAXES:								
Demand	D-1	\$47,227	\$25,599	\$10,290	\$2,137	\$6,457	\$1,689	\$1,055
Commodity	CM-1	16,154	6,876	3,786	1,143	3,309	823	217
Customer	C-1	16,541	12,871	2,911	269	457	30	3
Services	C-2	21,621	16,627	3,863	369	698	50	14
Meters	C-3	14,989	9,684	2,997	592	1,220	388	109
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Total		\$116,532	\$71,656	\$23,847	\$4,510	\$12,142	\$2,979	\$1,398
TOTAL OP. EXP.		\$1,602,182	\$946,314	\$333,215	\$68,939	\$190,170	\$45,461	\$18,083
OPERATING INC. BITX		\$81,421	(\$148,755)	\$56,389	\$33,215	\$117,389	\$23,326	(\$143)
Percentage		100.00%	-182.70%	69.26%	40.79%	144.18%	28.65%	-0.18%
INCOME TAXES		\$10,668	(\$19,490)	\$7,388	\$4,352	\$15,381	\$3,056	(\$19)
OPERATING INCOME (LOSS)		\$70,753	(\$129,265)	\$49,001	\$28,863	\$102,008	\$20,270	(\$124)
REVENUES - PROPOSED RATES:								
Water Sales		\$2,408,670	\$1,107,543	\$562,428	\$151,178	\$457,671	\$102,965	\$26,885
Hydrant Sales	CM-1	73,500	31,284	17,226	5,201	15,057	3,747	985
Other Water Revenues	C-1	77,270	60,124	13,599	1,257	2,136	140	14
Total Revenues		\$2,559,440	\$1,198,952	\$593,253	\$157,636	\$474,864	\$106,851	\$27,884
REVENUE INCREASE		\$875,837	\$401,392	\$203,649	\$55,482	\$167,305	\$38,064	\$9,944
INCOME TAXES - PROPOSED RTS.		\$348,724	\$135,439	\$85,993	\$25,767	\$79,957	\$17,748	\$3,819

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

FUNCTIONALIZATION OF RATE BASE			FUNCTIONAL ASSIGNMENT							
DESCRIPTION	FACTOR	TOTAL	DEMAND	COMMOD.	CUST.	SERVICES	METERS	SPEC. 1	SPEC. 2	SPEC. 3
SOURCE OF SUPPLY:										
Land		\$671,103								
Wells		604,794								
Other		0								
Total	F-3	\$1,275,897	\$425,299	\$850,598						
PUMPING:										
Structures & Improvements		\$114,008								
Electrical Pumping Equipment		405,375								
Other		0								
Total	F-4	\$519,383	\$173,128	\$346,255						
WATER TREATMENT:										
Structures & Improvements		\$0								
Equipment		82,310								
Other		0								
Total	F-1	\$82,310		\$82,310						
TRANSMISSION & DIST:										
Structures & Improvements		\$0								
Storage Tanks	F-2	278,676	278,676							
Mains	F-5	3,887,812	2,721,468		1,166,344					
Services	F-7	1,755,960				1,755,960				
Meters	F-8	1,208,923					1,208,923			
Hydrants	F-5	269,249	188,474		80,775					
Backflow Devices	F-5	8,426					8,426			
Total		\$7,409,046	\$3,188,619	\$0	\$1,247,118	\$1,755,960	\$1,217,349	\$0	\$0	\$0
GENERAL PLANT:										
Office Furniture & Equipment		\$100,842								
Transportation Equipment		901								
Power Generating Equipment		69,151								
Tools & Shop Equipment		6,757								
Other General Equipment		0								
Total	F-9	\$177,651	\$48,563	\$32,808	\$96,280	\$0	\$0	\$0	\$0	\$0
TOTAL GROSS UTILITY PLANT										
		\$9,464,287	\$3,835,609	\$1,311,971	\$1,343,398	\$1,755,960	\$1,217,349	\$0	\$0	\$0
Percent	F-10	100.00%	40.53%	13.86%	14.19%	18.55%	12.86%	0.00%	0.00%	0.00%

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

FUNCTIONALIZATION OF RATE BASE			FUNCTIONAL ASSIGNMENT							
DESCRIPTION	FACTOR	TOTAL	DEMAND	COMMOD.	CUST.	SERVICES	METERS	SPEC. 1	SPEC. 2	SPEC. 3
ACCUMULATED DEPRECIATION	F-10	\$1,453,012	\$588,865	\$201,421	\$206,246	\$269,585	\$186,894	\$0	\$0	\$0
CWIP	SA	\$497,475	\$166,980	\$308,075	\$0	\$0	\$22,420			
WORKING CAPITAL:										
Cash:										
1/24 Pumping Power	F-1	\$12,160		\$12,160						
1/8 Other O&M	F-11	126,198	45,209	22,353	58,636	0	0	0	0	0
Total Cash Wk. Cap.		\$138,358	\$45,209	\$34,513	\$58,636	\$0	\$0	\$0	\$0	\$0
M & S Inventories										
Other Working Capital										
TOTAL WORKING CAP.		\$138,358	\$45,209	\$34,513	\$58,636	\$0	\$0	\$0	\$0	\$0
METER ADVANCES & AIAC	SA	\$2,065,358	\$348,858		\$149,510	\$670,646	\$896,344			
DEFERRED INCOME TAXES	F-10	\$278,052	\$112,687	\$38,544	\$39,468	\$51,588	\$35,765	\$0	\$0	\$0
TOTAL RATE BASE		\$6,303,698	\$2,997,388	\$1,414,593	\$1,006,810	\$764,140	\$120,766	\$0	\$0	\$0

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

FUNCTIONALIZATION OF OPERATING EXPENSES

FUNCTIONAL ASSIGNMENT

DESCRIPTION	FACTOR	TOTAL	DEMAND	COMMOD.	CUST.	SERVICES	METERS	SPEC. 1	SPEC. 2	SPEC. 3
SALARIES & WAGES:										
Source of Supply - Operations	F-3	\$16,600	\$5,533	\$11,067						
Source of Supply - Maintenance	F-3	4,153	1,384	2,769						
Water Treatment - Operations	F-1	3,808		3,808						
Water Treatment - Maintenance	F-1	2,080		2,080						
Transportation/Dist. Operations	F-5	15,915	11,141		4,775					
Transportation/Dist. Maintenance	F-5	15,910	11,137		4,773					
Customer Accounts	F-6	48,334			48,334					
Administrative & General & Merit Pay		186,461	50,972	34,435	101,055	0	0	0	0	0
Total Salaries & Wages		\$293,261	\$80,167	\$54,158	\$158,936	\$0	\$0	\$0	\$0	\$0
Percent	F-9	100.00%	27.34%	18.47%	54.20%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Salaries & Wages Ex A&G		\$106,800	\$29,195	\$19,723	\$57,882	\$0	\$0	\$0	\$0	\$0
Percent		100.00%	27.34%	18.47%	54.20%	0.00%	0.00%	0.00%	0.00%	0.00%
EMPLOYEE BENEFITS:										
Health Insurance		\$42,072								
Dental Insurance		0								
Life Insurance		0								
401k Savings		2,068								
Vacation		0								
Pension		12,211								
FICA		18,645								
Fed UC		335								
State UC		299								
Total Employee Benefits	F-9	\$75,630	\$20,674	\$13,967	\$40,989	\$0	\$0	\$0	\$0	\$0
PURCHASED POWER	F-1	\$291,840		\$291,840						
LEGAL & CONSULTING	F-5	\$121,573	\$85,101		\$36,472					
OTHER OUTSIDE SERVICES:										
Testing	F-1	\$27,380		\$27,380						
Source of Supply - Operations	F-3	4,890	1,630	3,260						
Source of Supply - Maintenance	F-3	9,674	3,225	6,449						
Contractual Service - Management	F-9	105,894	28,947	19,556	57,390	0	0	0	0	0
SunCor Overhead Allocation	F-9	57,600	15,746	10,637	31,217	0	0	0	0	0
Transportation/Dist. Operations	F-5	2,377	1,664		713					
Transportation/Dist. Maintenance	F-5	85,313	59,719		25,594					
Buildings & Grounds Maintenance	F-5	4,299	3,009		1,290					
Customer Accounts - Meter Reading	F-6	16,223			16,223					
Customer Accounts - Bank Charges	F-6	3,190			3,190					
Administrative & General	F-9	6,193	1,693	1,144	3,356	0	0	0	0	0
Collection Agency Charges	F-9	196	54	36	106	0	0	0	0	0
Office Cleaning	F-9	1,620	443	299	878	0	0	0	0	0
Payroll Processing	F-9	2,127	581	393	1,153	0	0	0	0	0
Answering Service	F-9	600	164	111	325	0	0	0	0	0
Temporary Help	F-9	7,142	1,952	1,319	3,871	0	0	0	0	0
Total Other Outside Services		\$334,718	\$118,827	\$70,584	\$145,306	\$0	\$0	\$0	\$0	\$0

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

FUNCTIONALIZATION OF OPERATING EXPENSES

FUNCTIONAL ASSIGNMENT

DESCRIPTION	FACTOR	TOTAL	DEMAND	COMMOD.	CUST.	SERVICES	METERS	SPEC. 1	SPEC. 2	SPEC. 3
DEPRECIATION	F-10	\$184,227	\$74,662	\$25,538	\$26,150	\$34,181	\$23,696	\$0	\$0	\$0
AMORTIZATION:										
Rate Case Expenses (Admin & Gen)	F-9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Conservation Compliance Program	F-1	0	0	0	0	0	0	0	0	0
Total Amortization		0	0	0	0	0	0	0	0	0
PROPERTY TAXES	F-10	\$116,532	\$47,227	\$16,154	\$16,541	\$21,621	\$14,989	\$0	\$0	\$0
RENTS:										
Office	F-9	\$17,416	\$4,761	\$3,216	\$9,439	\$0	\$0	\$0	\$0	\$0
Facilities	F-5	9,680	6,776		2,904					
Land	F-5	0	0		0					
Equipment	F-9	8,497	2,323	1,569	4,605	0	0	0	0	0
Total Rents		\$35,593	\$13,860	\$4,785	\$16,948	\$0	\$0	\$0	\$0	\$0
MATERIALS & SUPPLIES:										
Water Treatment - Chemicals	F-1	\$8,316		\$8,316						
Source of Supply - Operations	F-3	3,131	1,044	2,087						
Source of Supply - Maintenance	F-3	251	84	167						
Water Treatment - Operations	F-1	0		0						
Water Treatment - Maintenance	F-1	(159)		(159)						
Transportation/Dist. Operations	F-5	7,701	5,391		2,310					
Transportation/Dist. Maintenance	F-5	11,704	8,193		3,511					
Customer Accounts - Billing	F-6	6,643			6,643					
Customer Accounts - Postage	F-6	10,712			10,712					
Administrative & General	F-9	74	20	14	40	0	0	0	0	0
Total Materials & Supplies		\$48,373	\$14,731	\$10,425	\$23,217	\$0	\$0	\$0	\$0	\$0
GENERAL & ADMINISTRATIVE:										
Operation & Maintenance	F-5	\$8,251	\$5,776		\$2,475					
Bad Debt Expense	F-6	62			62					
Rate Case Expenses	F-9	24,000	6,561	4,432	13,007	0	0	0	0	0
Ground Water Withdrawal Fee	F-1	9,677		9,677						
All Other G & A Expenses	F-9	58,445	15,977	10,793	31,675	0	0	0	0	0
Total General & Administrative		\$100,435	\$28,313	\$24,903	\$47,219	\$0	\$0	\$0	\$0	\$0
TOTAL OPERATING EXPENSES		\$1,602,182	\$483,563	\$512,355	\$511,778	\$55,801	\$38,685	\$0	\$0	\$0
TOTAL O & M X PP, TXES & DEP. PERCENT	F-11	\$1,009,583 100.00%	\$361,673 35.82%	\$178,823 17.71%	\$469,087 46.46%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

PRIMARY FUNCTIONALIZATION FACTORS		PERCENTAGE		
FACTOR	DESCRIPTION	DEMAND	CUSTOMER	COMMODITY
F-1	Commodity			100.00%
F-2	Demand	100.00%		
F-3	Wells	33.33%		66.67%
F-4	Pumps	33.33%		66.67%
F-5	Distribution Mains	70.00%	30.00%	
F-6	Unweighted Customer		100.00%	
F-7	Services		100.00%	
F-8	Meters		100.00%	

LITCHFIELD PARK SERVICE COMPANY - WATER DIVISION
Test Year Ended December 31, 2000

CLASS ALLOCATION FACTORS**METER SIZE**

FACTOR	DESCRIPTION	TOTAL	3/4"	1"	1 1/2"	2"	4"	10"
D-1	Demand	100.0000%	54.2048%	21.7890%	4.5244%	13.6716%	3.5755%	2.2347%
CM-1	Commodity	100.0000%	42.5638%	23.4361%	7.0768%	20.4857%	5.0975%	1.3402%
C-1	Customer	100.0000%	77.8106%	17.5998%	1.6263%	2.7646%	0.1807%	0.0181%
C-2	Services	100.0000%	76.9008%	17.8656%	1.7067%	3.2302%	0.2297%	0.0670%
C-3	Meters	100.0000%	64.6080%	19.9942%	3.9478%	8.1384%	2.5871%	0.7245%
S-1	Specific	0.0000%						
S-2	Specific	0.0000%						
S-3	Specific	0.0000%						

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

COMPUTATION OF INCREASE IN GROSS REVENUE REQUIREMENTS

DESCRIPTION	ORIGINAL COST	RCND
Adjusted Rate Base (1)	\$9,320,569	\$9,320,569
Adjusted Operating Income (2)	456,931	456,931
Current Rate of Return	4.90%	4.90%
<u>FAIR VALUE</u>		
Fair Value Rate Base (50/50)	\$9,320,569	
Required Rate of Return	9.654%	
Operating Income Requirement	\$899,771	
Operating Income Deficiency	442,840	
Gross Revenue Conversion Factor (3)	1.6286	
Increase in Gross Revenue Requirements	\$721,214	
Indicated Percentage Increase (4)	39.23%	

Supporting Schedules:

- (1) Schedule B-1
- (2) Schedule C-1
- (3) Schedule C-3
- (4) Schedule H-1

LITCHFIELD PARK SEWER COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

SUMMARY OF REVENUES AT PRESENT AND PROPOSED RATES

DESCRIPTION	REVENUES IN THE TEST YEAR		INCREASE	
	PRESENT	PROPOSED	AMOUNT	PERCENT
Residential	\$1,395,342	\$1,957,527	\$562,185	40.29%
Commercial	415,105	574,134	159,029	38.31%
Effluent	27,851	27,851	0	0.00%
Total Sewer Revenues	<u>\$1,838,298</u>	<u>\$2,559,512</u>	<u>\$721,214</u>	<u>39.23%</u>

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

ORIGINAL COST AND RCND RATE BASE ELEMENTS

DESCRIPTION	ORIGINAL COST RATE BASE (1)	RCND RATE BASE (2)
Gross Utility Plant In Service	\$9,110,163	\$9,110,163
Less: Accumulated Depreciation	758,143	758,143
Net Utility Plant In Service	8,352,020	8,352,020
Plus:		
CWIP	1,230,049	1,230,049
Allowance for Working Capital	84,968	84,968
	1,315,017	1,315,017
Less:		
Deferred Income Taxes	346,468	346,468
Total Rate Base	<u>\$9,320,569</u>	<u>\$9,320,569</u>

Supporting Schedules & Notes:

- (1) Schedules B-2 and E-5
- (2) LPSCO Requests a Waiver on the Development of RCND Rate Base

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

PRO FORMA ADJUSTMENTS TO ORIGINAL COST RATE BASE

DESCRIPTION	ACTUAL AT 12-31-00	PRO FORMA ADJUSTMENTS	ADJUSTED AMOUNT
Gross Utility Plant In Service	\$10,852,563	(\$1,742,400)	\$9,110,163
Less: Accumulated Depreciation	579,713	178,430	758,143
Net Utility Plant In Service	10,272,850	(1,920,830)	8,352,020
Plus:			
CWIP	\$2,197,138	(\$967,089)	\$1,230,049
Allowance for Working Capital	84,968	0	84,968
	\$2,282,106	(\$967,089)	\$1,315,017
Less:			
AIAC	\$1,730,812	(\$1,730,812)	\$0
Deferred Income Taxes	7,045	346,468	353,513
	1,737,857	(1,384,344)	353,513
Total Rate Base	\$10,817,099	(\$1,503,575)	\$9,313,524

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

OPERATING INCOME STATEMENT

DESCRIPTION	ACTUAL AT 12-31-00 (1)	PRO FORMA (2) ADJUSTMENTS	ADJUSTED AMOUNT
Revenues:			
Revenues From Sewer Service	\$1,666,278	\$144,169	\$1,810,447
Other Sewer Revenues	26,342	1,509	27,851
Total Revenues	1,692,620	145,678	1,838,298
Operating Expenses:			
Salaries & Wages	62,769	8,797	71,566
Employee Pensions & Benefits	16,256	2,652	18,908
Purchased Power	25,186	0	25,186
Purchased Treatment Expense	575,285	(189,305)	385,980
Outside Services - Legal & Eng.	18,825	(5,601)	13,224
Outside Services - Oper. & Maint.	91,759	2,330	94,089
Rental Expense	22,289	0	22,289
Materials & Supplies	34,913	0	34,913
General & Administrative	25,768	4,611	30,379
Depreciation & Amortization	117,319	178,430	295,749
Property Taxes	92,835	36,078	128,913
Income Taxes	49,716	210,455	260,171
Total Operating Expenses	1,132,920	248,447	1,381,367
Operating Income	\$559,700	(\$102,769)	\$456,931

Supporting Schedules:

- (1) Schedule E-6
- (2) Schedule C-2

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

PRO FORMA ADJUSTMENTS TO OPERATING INCOME STATEMENT

DESCRIPTION	AMOUNT
OPERATING REVENUES - SEWER SERVICES::	
Annualization - Year-End Customers	\$120,849
Reconciliation to Bill Count	23,320
Pro Forma Adjustment - Monthly Sewer Service	\$144,169
OPERATING REVENUES - OTHER SEWER REVENUES:	
Reclassification of Miscellaneous Revenues	\$1,509
SALARIES & WAGES:	
Customer Accounting - Year-End Customer Adjustment	\$2,330
Annualization of Salary & Wage Expense	8,797
Pro Forma Adjustment - Salaries & Wages	\$11,127
FRINGE BENEFITS:	
Annualization of Fringe Benefit Expense	\$2,562
PURCHASED TREATMENT EXPENSE:	
Annualization of Commodity Charges - Year-End Customer Adjustment	\$29,807
Elimination of Goodyear Capacity Charges & Reduced Commodity Rates	(219,112)
Pro Forma Adjustment - Purchased Treatment Expense	(\$189,305)
OUTSIDE SERVICES - LEGAL & ENGINEERING:	
Elimination on Non-Recurring Expenses	(\$5,601)
OUTSIDE SERVICES - OPERATION & MAINTENANCE:	
Annualization of SunCor Charges	\$2,600
GENERAL & ADMINISTRATIVE:	
Adjustment to Amortize Estimated Rate Case Expenses Over 3 Years	\$2,011

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

PRO FORMA ADJUSTMENTS TO OPERATING INCOME STATEMENT

DESCRIPTION	AMOUNT
AMORTIZATION OF PURCHASED TREATMENT CAPACITY:	
Adjustment to Amortize Purchased Treatment Capacity Over 25 Years:	
Pro Forma Adjustment - Depreciation & Amortization Expense	\$178,430
PROPERTY TAXES:	
Adjustment to Increase Property Taxes to 2001 Expense Levels:	
Pro Forma Adjustment - Property Tax Expense	\$36,078
INCOME TAXES:	
Income Taxes on Pro Forma Adjustments:	
Revenues	\$145,678
Expenses	37,992
Net Pro Forma Operating Income Adjustment Before Income Taxes	\$107,686
Income Taxes @ 38.598%	41,565
Adjustment to Book Income Taxes Based on 2000 Taxable Income	168,890
Net Pro Forma Adjustment to Income Taxes	\$210,455

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

SUMMARY OF SEWER REVENUES AT PRESENT AND PROPOSED RATES

DESCRIPTION	REVENUES IN THE TEST YEAR (1)		INCREASE	
	PRESENT	PROPOSED	AMOUNT	PERCENT
Residential	\$1,395,342	\$1,957,527	\$562,185	40.29%
Commercial	415,105	574,134	159,029	38.31%
Other Sewer Revenues	27,851	27,851	0	0.00%
Total Sewer Revenues	<u>\$1,838,298</u>	<u>\$2,559,512</u>	<u>\$721,214</u>	<u>39.23%</u>

NOTES:

(1) Including Revenue Pro Forma Adjustments

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION

Test Year Ended December 31, 2000

PROPOSED CHANGES IN OTHER RATES & CHARGES (1)

DESCRIPTION	PRESENT RATE	PROPOSED RATE
SERVICE CHARGES:		
Establishment of Service:		
Regular Hours	\$15.00	\$20.00
After Hours	30.00	40.00
Re-Establishment of Service Within 12 Months:		
Monthly Minimum Times Months Disconnected for		No Change
Both Water and Sewer Service (R14-2-403)		No Change
Re-Connection of Service:		
Regular Hours	\$30.00	\$50.00
After Hours	45.00	65.00
NSF Check Charge	15.00	20.00
Late Charge	1 1/2% Per Mo.	No Change
Service Calls - Per Hour:		
After Hours Only	30.00	40.00
Deposit Requirements	ACC Rule R14-2-403B	No Change
Deposit Interest	ACC Rule R14-2-403B	No Change

NOTE:

(1) Other Rates & Charges for Customers Receiving Both Water and Sewer Service are not Duplicative.

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

TYPICAL BILL ANALYSIS

DESCRIPTION	TYPE OF SERVICE	BILL AT: (1)		PERCENT INCREASE
		PRESENT RATES	PROPOSED RATES	
Residential	Flat Rate	\$23.20	\$32.55	40.30%
Small Commercial	Flat Rate	\$38.20	\$60.00	57.07%
Regular Domestic	Measured	\$162.22	\$246.85	52.17%
Restaurants, Grocery Stores, Motels & Dry Cleaning Businesses	Measured	\$259.10	\$418.50	61.52%
Multi-Unit Service Per Unit	Flat Rate	\$21.70	\$25.00	15.21%
Wigwam Resort - Main	Flat Rate	\$625.00	\$1,000.00	60.00%
Wgwam Resort - Hotel	Flat Rate	\$7,530.00	\$8,675.00	15.21%
Schools:				
LP Elementary	Flat Rate	\$550.00	\$725.00	31.82%
PV Elementary	Flat Rate	550.00	725.00	31.82%
Western Sky Middle	Flat Rate	550.00	1000.00	81.82%
Millennium High	Flat Rate	550.00	1000.00	81.82%
Estrella CC	Flat Rate	550.00	1600.00	190.91%

NOTES:

(1) Excluding Revenue Taxes

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
COST OF SERVICE SUMMARY - PRESENT RATES
Test Year Ended December 31, 2000

DESCRIPTION	CUSTOMER CLASS						
	TOTAL	RES.	MULTI UNIT	S. COM.	COM.	SCHOOLS	WIGWAM
Sewer Revenues:							
Sewer Service	\$1,810,447	\$1,395,334	\$121,092	\$26,727	\$136,434	\$33,000	\$97,860
Other Sewer Revenues	27,851	20,136	1,503	541	3,807	1,062	801
Total Sewer Revenues	1,838,298	1,415,470	122,595	27,268	140,241	34,062	98,661
Operating Expenses:							
Salaries & Wages	73,896	58,696	2,877	1,257	7,500	2,070	1,496
Employee Benefits	18,908	15,019	736	322	1,919	530	383
Purchased Power & Treatment	411,166	297,273	22,186	7,994	56,206	15,684	11,824
Outside Services - Legal & Eng.	13,224	10,504	515	225	1,342	370	268
Outside Services - Oper. & Maint.	94,359	75,719	3,700	1,619	8,801	2,663	1,857
Rental Expenses	22,289	17,741	871	380	2,221	627	449
Materials & Supplies	34,913	26,306	1,644	639	4,281	1,170	874
General & Administrative	27,779	22,092	1,084	473	2,789	780	561
Depreciation & Amortization	295,749	220,077	15,316	5,681	35,923	10,854	7,898
Property Taxes	128,913	98,747	6,152	2,395	14,120	4,378	3,120
Income Taxes	260,171	207,998	24,495	2,279	1,864	(1,837)	25,372
Total Operating Expenses	1,381,367	1,050,170	79,575	23,265	136,967	37,289	54,100
Operating Income	\$456,931	\$365,300	\$43,020	\$4,003	\$3,274	(\$3,227)	\$44,561
Rate Base	\$9,320,569	\$7,189,203	\$435,413	\$171,712	\$994,083	\$310,266	\$219,891
% Return - Present Rates	4.90%	5.08%	9.88%	2.33%	0.33%	-1.04%	20.26%
Return Index	1.00	1.04	2.02	0.48	0.07	-0.21	4.13

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
COST OF SERVICE SUMMARY - PROPOSED RATES
Test Year Ended December 31, 2000

DESCRIPTION	CUSTOMER CLASS						
	TOTAL	RES.	MULTI UNIT	S. COM.	COM.	SCHOOLS	WIGWAM
Sewer Revenues:							
Sewer Service	\$2,531,661	\$1,957,528	\$139,500	\$41,940	\$215,993	\$60,600	\$116,100
Other Sewer Revenues	27,851	20,136	1,503	541	3,807	1,062	801
Total Sewer Revenues	<u>2,559,512</u>	<u>1,977,664</u>	<u>141,003</u>	<u>42,481</u>	<u>219,800</u>	<u>61,662</u>	<u>116,901</u>
Operating Expenses:							
Salaries & Wages	73,896	58,696	2,877	1,257	7,500	2,070	1,496
Employee Benefits	18,908	15,019	736	322	1,919	530	383
Purchased Power & Treatment	411,166	297,273	22,186	7,994	56,206	15,684	11,824
Outside Services - Legal & Eng.	13,224	10,504	515	225	1,342	370	268
Outside Services - Oper. & Maint.	94,359	75,719	3,700	1,619	8,801	2,663	1,857
Rental Expenses	22,289	17,741	871	380	2,221	627	449
Materials & Supplies	34,913	26,306	1,644	639	4,281	1,170	874
General & Administrative	27,779	22,092	1,084	473	2,789	780	561
Depreciation & Amortization	295,749	220,077	15,316	5,681	35,923	10,854	7,898
Property Taxes	128,913	98,747	6,152	2,395	14,120	4,378	3,120
Income Taxes	538,545	424,993	31,600	8,151	32,572	8,816	32,413
Total Operating Expenses	<u>1,659,741</u>	<u>1,267,166</u>	<u>86,680</u>	<u>29,137</u>	<u>167,676</u>	<u>47,942</u>	<u>61,141</u>
Operating Income	<u>\$899,771</u>	<u>\$710,499</u>	<u>\$54,323</u>	<u>\$13,344</u>	<u>\$52,125</u>	<u>\$13,720</u>	<u>\$55,760</u>
Rate Base	<u>\$9,320,569</u>	<u>\$7,189,203</u>	<u>\$435,413</u>	<u>\$171,712</u>	<u>\$994,083</u>	<u>\$310,266</u>	<u>\$219,891</u>
% Return - Proposed Rates	9.65%	9.88%	12.48%	7.77%	5.24%	4.42%	25.36%
Return Index	1.00	1.02	1.29	0.81	0.54	0.46	2.63

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
Test Year Ended December 31, 2000

ALLOCATION OF RATE BASE

					CUSTOMER CLASS			
DESCRIPTION	FACTOR	TOTAL	RES.	MULT. UN.	S. COM.	COM.	SCHOOLS	WIGWAM
GROSS UTILITY PLANT:								
Demand	D-1	\$4,166,567	\$3,125,049	\$233,225	\$84,036	\$446,385	\$164,876	\$112,995
Commodity	CM-1	3,663,213	2,648,501	197,660	71,221	500,756	139,734	105,341
Customer	C-1	1,280,383	1,204,840	3,846	14,003	50,723	4,808	2,164
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$9,110,163	\$6,978,391	\$434,731	\$169,260	\$997,863	\$309,418	\$220,499
ACCUMULATED DEPR.:								
Demand	D-1	\$346,740	\$260,065	\$19,409	\$6,993	\$37,148	\$13,721	\$9,403
Commodity	CM-1	304,851	220,407	16,449	5,927	41,673	11,629	8,766
Customer	C-1	106,553	100,266	320	1,165	4,221	400	180
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$758,143	\$580,738	\$36,178	\$14,086	\$83,042	\$25,750	\$18,350
NET PLANT IN SERVICE		\$8,352,020	\$6,397,653	\$398,553	\$155,175	\$914,822	\$283,669	\$202,149
PLUS:								
CWIP:								
Demand	D-1	\$861,034	\$645,801	\$48,197	\$17,366	\$92,247	\$34,072	\$23,351
Commodity	CM-1	0	0	0	0	0	0	0
Customer	C-1	369,015	347,243	1,109	4,036	14,619	1,386	624
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$1,230,049	\$993,044	\$49,305	\$21,402	\$106,865	\$35,458	\$23,974

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
Test Year Ended December 31, 2000

ALLOCATION OF RATE BASE

CUSTOMER CLASS

DESCRIPTION	FACTOR	TOTAL	RES.	MULT. UN.	S. COM.	COM.	SCHOOLS	WIGWAM
WORKING CAPITAL:								
Demand	D-1	\$9,681	\$7,261	\$542	\$195	\$1,037	\$383	\$263
Commodity	CM-1	65,161	47,111	3,516	1,267	8,907	2,486	1,874
Customer	C-1	10,127	9,529	30	111	401	38	17
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$84,968	\$63,901	\$4,088	\$1,573	\$10,346	\$2,907	\$2,153
LESS:								
CONTRIBUTIONS & ADV.:								
Demand	D-1	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commodity	CM-1	0	0	0	0	0	0	0
Customer	C-1	0	0	0	0	0	0	0
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0
DEFERRED TAXES:								
Demand	D-1	\$158,458	\$118,849	\$8,870	\$3,196	\$16,976	\$6,270	\$4,297
Commodity	CM-1	139,315	100,725	7,517	2,709	19,044	5,314	4,006
Customer	C-1	48,694	45,821	146	533	1,929	183	82
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$346,468	\$265,395	\$16,533	\$6,437	\$37,950	\$11,767	\$8,386
TOTAL RATE BASE		\$9,320,569	\$7,189,203	\$435,413	\$171,712	\$994,083	\$310,266	\$219,891

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
Test Year Ended December 31, 2000

ALLOCATION OF INCOME STATEMENT

CUSTOMER CLASS

DESCRIPTION	FACTOR	TOTAL	RES.	MULT. UN.	S. COM.	COM.	SCHOOLS	WIGWAM
REVENUES - PRESENT RATES:								
Sewer Service		\$1,810,447	\$1,395,334	\$121,092	\$26,727	\$136,434	\$33,000	\$97,860
Other Sewer Revenues		27,851	20,136	1,503	541	3,807	1,062	801
Total Revenues		\$1,838,298	\$1,415,470	\$122,595	\$27,268	\$140,241	\$34,062	\$98,661
OPERATING EXPENSES:								
SALARIES & WAGES:								
Demand	D-1	\$14,520	\$10,890	\$813	\$293	\$1,556	\$575	\$394
Commodity	CM-1	37,006	26,755	1,997	719	5,059	1,412	1,064
Customer	C-1	22,370	21,050	67	245	886	84	38
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$73,896	\$58,696	\$2,877	\$1,257	\$7,500	\$2,070	\$1,496
EMPLOYEE BENEFITS:								
Demand	D-1	\$3,715	\$2,786	\$208	\$75	\$398	\$147	\$101
Commodity	CM-1	9,469	6,846	511	184	1,294	361	272
Customer	C-1	5,724	5,386	17	63	227	21	10
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$18,908	\$15,019	\$736	\$322	\$1,919	\$530	\$383
PURCHASED POWER & TREATMENT:								
Demand	D-1	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commodity	CM-1	411,166	297,273	22,186	7,994	56,206	15,684	11,824
Customer	C-1	0	0	0	0	0	0	0
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$411,166	\$297,273	\$22,186	\$7,994	\$56,206	\$15,684	\$11,824

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
Test Year Ended December 31, 2000

ALLOCATION OF INCOME STATEMENT

CUSTOMER CLASS

DESCRIPTION	FACTOR	TOTAL	RES.	MULT. UN.	S. COM.	COM.	SCHOOLS	WIGWAM
OUTSIDE SERVICES - L & E:								
Demand	D-1	\$2,598	\$1,949	\$145	\$52	\$278	\$103	\$70
Commodity	CM-1	6,622	4,788	357	129	905	253	190
Customer	C-1	4,003	3,767	12	44	159	15	7
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$13,224	\$10,504	\$515	\$225	\$1,342	\$370	\$268
OUTSIDE SERVICES - O & M:								
Demand	D-1	\$43,310	\$32,483	\$2,424	\$874	\$4,640	\$1,714	\$1,175
Commodity	CM-1	22,030	15,927	1,189	428	3,011	840	633
Customer	C-1	29,020	27,308	87	317	1,150	109	49
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$94,359	\$75,719	\$3,700	\$1,619	\$8,801	\$2,663	\$1,857
RENTAL EXPENSE:								
Demand	D-1	\$5,795	\$4,346	\$324	\$117	\$621	\$229	\$157
Commodity	CM-1	9,754	7,052	526	190	1,333	372	280
Customer	C-1	6,740	6,342	20	74	267	25	11
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$22,289	\$17,741	\$871	\$380	\$2,221	\$627	\$449
MATERIALS & SUPPLIES:								
Demand	D-1	\$1,010	\$757	\$57	\$20	\$108	\$40	\$27
Commodity	CM-1	29,150	21,075	1,573	567	3,985	1,112	838
Customer	C-1	4,753	4,473	14	52	188	18	8
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$34,913	\$26,306	\$1,644	\$639	\$4,281	\$1,170	\$874

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
Test Year Ended December 31, 2000

ALLOCATION OF INCOME STATEMENT

CUSTOMER CLASS

DESCRIPTION	FACTOR	TOTAL	RES.	MULT. UN.	S. COM.	COM.	SCHOOLS	WIGWAM
GENERAL & ADMINISTRATION:								
Demand	D-1	\$6,497	\$4,873	\$364	\$131	\$696	\$257	\$176
Commodity	CM-1	12,878	9,311	695	250	1,760	491	370
Customer	C-1	8,404	7,908	25	92	333	32	14
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$27,779	\$22,092	\$1,084	\$473	\$2,789	\$780	\$561
DEPRECIATION & AMORT.:								
Demand	D-1	\$98,264	\$73,701	\$5,500	\$1,982	\$10,527	\$3,888	\$2,665
Commodity	CM-1	180,997	130,861	9,766	3,519	24,742	6,904	5,205
Customer	C-1	16,489	15,516	50	180	653	62	28
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$295,749	\$220,077	\$15,316	\$5,681	\$35,923	\$10,854	\$7,898
PROPERTY TAXES:								
Demand	D-1	\$58,959	\$44,221	\$3,300	\$1,189	\$6,317	\$2,333	\$1,599
Commodity	CM-1	51,836	37,478	2,797	1,008	7,086	1,977	1,491
Customer	C-1	18,118	17,049	54	198	718	68	31
Services	C-2	0	0	0	0	0	0	0
Specific	S-1	0	0	0	0	0	0	0
Specific	S-2	0	0	0	0	0	0	0
Specific	S-3	0	0	0	0	0	0	0
Specific	S-4	0	0	0	0	0	0	0
Total		\$128,913	\$98,747	\$6,152	\$2,395	\$14,120	\$4,378	\$3,120
TOTAL OP. EXP.		\$1,121,196	\$842,173	\$55,080	\$20,986	\$135,103	\$39,127	\$28,728
OPERATING INC. BITX		\$717,102	\$573,298	\$67,515	\$6,283	\$5,138	(\$5,064)	\$69,933
Percentage		100.00%	79.95%	9.42%	0.88%	0.72%	-0.71%	9.75%
INCOME TAXES		\$260,171	\$207,998	\$24,495	\$2,279	\$1,864	(\$1,837)	\$25,372
OPERATING INCOME (LOSS)		\$456,931	\$365,300	\$43,020	\$4,003	\$3,274	(\$3,227)	\$44,561
REVENUES - PROPOSED RATES:								
Sewer Service		\$2,531,661	\$1,957,528	\$139,500	\$41,940	\$215,993	\$60,600	\$116,100
Other Sewer Revenues		27,851	20,136	1,503	541	3,807	1,062	801
		0	0			0		
Total Revenues		2,559,512	1,977,664	141,003	42,481	219,800	61,662	116,901
REVENUE INCREASE		\$721,214	\$562,194	\$18,408	\$15,213	\$79,559	\$27,600	\$18,240
INCREMENTAL INCOME TAXES		278,374	216,996	7,105	5,872	30,708	10,653	7,040
INCOME TAXES - PROP. RATES		\$538,545	\$424,993	\$31,600	\$8,151	\$32,572	\$8,816	\$32,413

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
Test Year Ended December 31, 2000

FUNCTIONALIZATION OF RATE BASE

FUNCTIONAL ASSIGNMENT

DESCRIPTION	FACTOR	TOTAL	DEMAND	COMMOD.	CUST.	SERVICES	SPEC. 1	SPEC. 2	SPEC. 3	SPEC. 4
INVESTMENT IN TREATMENT FACILITIES:										
Other Plant & Misc. Equipment	F-2	\$4,460,750	\$1,115,188	\$3,345,563						
COLLECTION SEWERS	F-4	3,654,748	2,558,324		1,096,424					
EFFLUENT LINES	F-2	370,964	\$92,741	\$278,223						
LIFT STATIONS	F-4	555,956	389,169		166,787					
FLOW MEASURING DEVICES	F-1	11,020		11,020						
GENERAL PLANT:										
Power Generating Equipment		21,372								
Office Furniture & Equipment		29,620								
Transportation Equipment		225								
Tools & Shop Equipment		5,508								
Total	F-6	56,725	11,146	28,407	17,172	0	0	0	0	0
TOTAL GROSS UTILITY PLANT		\$9,110,163	\$4,166,567	\$3,663,213	\$1,280,383	\$0	\$0	\$0	\$0	\$0
Percent	F-7	100.00%	45.74%	40.21%	14.05%	0.00%	0.00%	0.00%	0.00%	0.00%
ACCUMULATED DEPRECIATION	F-7	\$758,143	\$346,740	\$304,851	\$106,553	\$0	\$0	\$0	\$0	\$0
CWIP	F-4	\$1,230,049	\$861,034		\$369,015					
WORKING CAPITAL:										
Cash:										
1/24 Pumping Power	F-1	\$1,049		\$1,049						
1/8 Other O&M	F-8	83,919	9,681	64,112	10,127	0	0	0	0	0
Total Cash Wk. Cap.		\$84,968	\$9,681	\$65,161	\$10,127	\$0	\$0	\$0	\$0	\$0
M & S Inventories										
Other Working Capital										
TOTAL WORKING CAP.		\$84,968	\$9,681	\$65,161	\$10,127	\$0	\$0	\$0	\$0	\$0
CONTRIBUTIONS & ADVANCES	F-4 & 5	0								
DEFERRED INCOME TAXES	F-7	\$346,468	\$158,458	\$139,315	\$48,694	\$0	\$0	\$0	\$0	\$0
TOTAL RATE BASE		\$9,320,569	\$4,532,084	\$3,284,207	\$1,504,278	\$0	\$0	\$0	\$0	\$0

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
Test Year Ended December 31, 2000

FUNCTIONALIZATION OF OPERATING EXPENSES

FUNCTIONAL ASSIGNMENT

DESCRIPTION	FACTOR	TOTAL	DEMAND	COMMOD.	CUST.	SERVICES	SPEC. 1	SPEC. 2	SPEC. 3	SPEC. 4
SALARIES & WAGES:										
Collection - Operations	F-4	\$1,300	\$910		\$390					
Collection - Maintenance	F-4	1,382	967		415					
Customer Accounts	F-5	18,423			18,423					
Administrative & General	F-2	41,732	10,433	31,299						
Collection - Manhole Spraying	F-2	363	91	272						
Buildings & Grounds Maint.	F-2	315	79	236						
Treatment/Dispos. Maint	F-1	0			0					
Merit Pay	F-6	10,381	2,040	5,199	3,143	0	0	0	0	0
Total Salaries & Wages		\$73,896	\$14,520	\$37,006	\$22,370	\$0	\$0	\$0	\$0	\$0
Percent	F-6	100.00%	19.65%	50.08%	30.27%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Salaries & Wages Ex Merit Pay		\$63,515	\$12,480	\$31,808	\$19,228	\$0	\$0	\$0	\$0	\$0
Percent		100.00%	19.65%	50.08%	30.27%	0.00%	0.00%	0.00%	0.00%	0.00%
EMPLOYEE BENEFITS:										
Health Insurance		\$10,518								
Dental Insurance		0								
Life Insurance		0								
401k Savings		517								
Pension		3,053								
FICA		4,661								
Fed UC		84								
State UC		75								
Vacation		0								
Total Employee Benefits	F-6	\$18,908	\$3,715	\$9,469	\$5,724	\$0	\$0	\$0	\$0	\$0
PURCHASED POWER	F-1	\$25,186		\$25,186						
PURCHASED TREATMENT	F-1	385,980		385,980						
LEGAL & CONSULTING	F-6	13,224	2,598	6,622	4,003	0	0	0	0	0
OTHER OUTSIDE SERVICES:										
Collection - Operations	F-4	\$6,304	\$4,413		\$1,891					
Collection - Maintenance	F-4	22,875	16,013		6,863					
Building & Grounds Maint	F-6	581	114	291	176	0	0	0	0	0
Contractual Services Mgmt.	F-6	26,473	5,202	13,257	8,014	0	0	0	0	0
SunCor Overhead Allocation	F-6	14,400	2,829	7,211	4,359	0	0	0	0	0
Customer Accounts - Collection Ag.	F-5	49			49					
Customer Accounts - Bank Charges	F-5	797			797					
Administrative & General	F-6	753	148	377	228	0	0	0	0	0
Office Cleaning	F-6	405	80	203	123	0	0	0	0	0
Payroll Processing	F-6	531	104	266	161	0	0	0	0	0
Answering Service	F-6	150	29	75	45	0	0	0	0	0
Temporary Help	F-6	697	137	349	211	0	0	0	0	0
Collection - Clean Sewer Lines	F-4	20,344	14,241		6,103					
Total Other Outside Services		\$94,359	\$43,310	\$22,030	\$29,020	\$0	\$0	\$0	\$0	\$0

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
Test Year Ended December 31, 2000

FUNCTIONALIZATION OF OPERATING EXPENSES

FUNCTIONAL ASSIGNMENT

DESCRIPTION	FACTOR	TOTAL	DEMAND	COMM. MOD.	CUST.	SERVICES	SPEC. 1	SPEC. 2	SPEC. 3	SPEC. 4
DEPRECIATION	F-7	\$117,319	\$53,656	\$47,174	\$16,489	\$0	\$0	\$0	\$0	\$0
AMORTIZATION:										
Rate Case Expenses (G&A)	F-6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortization of WWTP Investment	F-2	178,430	44,608	133,823						
Total Amortization		\$178,430	\$44,608	\$133,823	\$0	\$0	\$0	\$0	\$0	\$0
PROPERTY TAXES	F-7	\$128,913	\$58,959	\$51,836	\$18,118	\$0	\$0	\$0	\$0	\$0
RENTS:										
Office	F-6	\$4,354	\$856	\$2,180	\$1,318	\$0	\$0	\$0	\$0	\$0
Facilities	F-4	2,811	1,968		843					
Land		0								
Equipment	F-6	15,124	2,972	7,574	4,578	0	0	0	0	0
Total Rents		\$22,289	\$5,795	\$9,754	\$6,740	\$0	\$0	\$0	\$0	\$0
MATERIALS & SUPPLIES:										
Chemicals	F-4	\$0	\$0		\$0					
Collection - Operations	F-4	499	349		150					
Collection - Maintenance	F-4	943	660		283					
Pumping - Operations	F-3	0		0						
Pumping - Maintenance	F-3	0		0						
Treatment/Disposal - Operations	F-2	0	0	0						
Customer Accounts - Materials	F-5	2,678			2,678					
Customer Accounts - Billing	F-5	1,642			1,642					
Administrative & General	F-6	2	0	1	1	0	0	0	0	0
Cost of Well 33-A Water	F-1	29,149		29,149			0			
Total Materials & Supplies		\$34,913	\$1,010	\$29,150	\$4,753	\$0	\$0	\$0	\$0	\$0
GENERAL & ADMINISTRATIVE:										
Operation & Maintenance	F-4	\$2,063	\$1,444		\$619					
Amortization of Rate Case Expenses	F-6	6,000	1,179	3,005	1,816	0	0	0	0	0
All Other G & A Expenses	F-6	19,716	3,874	9,874	5,969	0	0	0	0	0
Total General & Administrative		\$27,779	\$6,497	\$12,878	\$8,404	\$0	\$0	\$0	\$0	\$0
TOTAL OPERATING EXPENSES		\$1,121,196	\$234,667	\$770,908	\$115,620	\$0	\$0	\$0	\$0	\$0
O&M X PP, TXES & DEP PERCENT	F-8	\$671,348 100.00%	\$77,444 11.54%	\$512,890 76.40%	\$81,014 12.07%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

PROPOSED CHANGES IN SEWER RATES

DESCRIPTION	PRESENT RATE	PROPOSED RATE
Residential Service - Per Month	\$23.20	\$32.55
Multiple Unit Service - Per Unit/Month	21.70	25.00
MUS - Wigwam - Per Unit/Month	21.70	25.00
Wigwam - Main Building	625.00	1,000.00
Schools:		
LP Elementary - Per Month	\$550.00	\$725.00
PV Elementary - Per Month	550.00	725.00
Western Sky Middle - Per Month	550.00	1,000.00
Millennium High School - Per Month	550.00	1,000.00
Estrella Community College - Per Month	550.00	1,600.00
Commercial:		
Flat Rate Small Commercial - Per Month	\$38.30	\$60.00
Measured Service:		
Regular Domestic:		
Monthly Service Charge	\$17.50	\$25.75
Rate Per 1,000 Gallons of Water Usage	1.80	2.75
Restaurants, Motels, Grocery Stores & Dry Cleaners:		
Monthly Service Charge	\$17.50	\$25.75
Rate Per 1,000 Gallons of Water Usage	2.00	3.25
Effluent or Reclaimed Water - Per Acre-Foot	\$52.50	Market Rate

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
Test Year Ended December 31, 2000

PRIMARY FUNCTIONALIZATION FACTORS			PERCENTAGE	
FACTOR	DESCRIPTION	DEMAND	CUSTOMER	COMMODITY
F-1	Commodity			100.00%
F-2	Treatment	25.00%		75.00%
F-3	Pumps			100.00%
F-4	Collection Sewers	70.00%	30.00%	
F-5	Weighted Customer		100.00%	

LITCHFIELD PARK SERVICE COMPANY - SEWER DIVISION
Test Year Ended December 31, 2000

CLASS ALLOCATION FACTORS

CUSTOMER CLASS

FACTOR	DESCRIPTION	TOTAL	RES.	MULT. UN.	S. COM.	COM.	SCHOOLS	WIGWAM
D-1	Demand	100.0000%	75.0030%	5.5975%	2.0169%	10.7135%	3.9571%	2.7119%
CM-1	Commodity	100.0000%	72.3000%	5.3958%	1.9442%	13.6699%	3.8145%	2.8756%
C-1	Customer	100.0000%	94.1000%	0.3004%	1.0936%	3.9615%	0.3755%	0.1690%

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

SUMMARY RESULTS OF OPERATIONS

DESCRIPTION	YEAR ENDED (1)				PROJECTED YEAR (3)	
	12-31-98	12-31-99	12-31-00	12-31-00 (2)	PRESENT RATES	PROPOSED RATES
Operating Revenues	\$2,161,660	\$2,853,412	\$3,323,225	\$3,521,901	\$3,826,594	\$5,560,951
Operating Expenses	2,081,879	1,950,570	2,862,926	2,994,217	3,040,425	3,709,852
Operating Income	79,781	902,842	460,299	527,684	786,169	1,851,099
Interest Expense	20,388	26,743	307,700	307,700	320,314	320,314
Other Income	(67,511)	(5,185)	(212,483)	(212,483)	(89,000)	(89,000)
Net Income	\$126,904	\$881,284	\$365,082	\$432,467	\$554,855	\$1,619,785
Return on Average Capital	0.65%	6.00%	2.39%	2.74%	2.85%	5.28%
Return on Y/E Capital	0.65%	5.05%	2.23%	2.55%	2.28%	5.20%
Return on Average Equity	1.07%	7.21%	2.61%	3.09%	3.19%	8.11%
Return on Y/E Equity	1.06%	7.03%	2.37%	2.80%	2.85%	7.90%

Supporting Schedules:

- (1) Schedule E-2
- (2) Adjusted Test Year - Schedule C-1
- (3) Schedule F-1

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000
SUMMARY OF CAPITAL STRUCTURE

DESCRIPTION	YEAR ENDED (1)				PROJECTED YEAR	
	12-31-98	12-31-99	12-31-00	12-31-00 (2)	PRESENT RATES	PROPOSED RATES
Long Term Debt	\$300,000	\$5,335,000	\$5,215,000	\$5,215,000	\$15,095,000	\$15,095,000
Common Equity	11,926,064	12,533,823	15,388,544	15,455,929	19,443,399	20,508,329
Total Capital	<u>\$12,226,064</u>	<u>\$17,868,823</u>	<u>\$20,603,544</u>	<u>\$20,670,929</u>	<u>\$34,538,399</u>	<u>\$35,603,329</u>
Capitalization Ratios:						
Long Term Debt	2.45%	29.86%	25.31%	25.23%	43.70%	42.40%
Common Equity	97.55%	70.14%	74.69%	74.77%	56.30%	57.60%
Total Capital	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Supporting Schedules:
(1) Schedule E-2
(2) Adjusted Test Year

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

CONSTRUCTION EXPENDITURES AND GROSS UTILITY PLANT IN SERVICE

YEAR	CONSTRUCTION EXPENDITURES (1)	NET PLANT PLACED IN SERVICE (2)	GROSS UTILITY PLANT IN SERVICE
1998	\$1,171,065	\$5,521,849	\$13,793,069
1999	\$2,099,176	\$1,841,193	\$15,634,262
2000	\$6,782,589	\$4,682,589	\$20,316,851
2001	\$21,251,643	\$6,180,104	\$26,496,955
2002	\$5,987,447	\$21,058,986	\$47,555,941
2003	\$2,376,932	\$2,376,932	\$49,932,873

Supporting Schedules:
(1) Schedule F-3
(2) Schedule E-5

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

CONSTRUCTION EXPENDITURES AND GROSS UTILITY PLANT IN SERVICE

YEAR	CONSTRUCTION EXPENDITURES (1)	NET PLANT PLACED IN SERVICE (2)	GROSS UTILITY PLANT IN SERVICE
1998	\$564,303	\$1,241,489	\$5,335,936
1999	\$1,233,211	\$1,163,428	\$6,499,364
2000	\$2,964,924	\$2,964,924	\$9,464,288
2001	\$5,376,556	\$5,376,556	\$14,840,844
2002	\$1,772,734	\$1,772,734	\$16,613,578
2003	\$1,776,932	\$1,776,932	\$18,390,510

Supporting Schedules:
(1) Schedule F-3
(2) Schedule E-5

**LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000**

CONSTRUCTION EXPENDITURES AND GROSS UTILITY PLANT IN SERVICE

YEAR	CONSTRUCTION EXPENDITURES (1)	NET PLANT PLACED IN SERVICE (2)	GROSS UTILITY PLANT IN SERVICE
1998	\$606,762	\$4,280,360	\$8,457,133
1999	\$865,965	\$677,765	\$9,134,898
2000	\$3,817,665	\$1,717,665	\$10,852,563
2001	\$15,875,087	\$803,548	\$11,656,111
2002	\$4,214,713	\$19,286,252	\$30,942,363
2003	\$600,000	\$600,000	\$31,542,363

Supporting Schedules:
(1) Schedule F-3
(2) Schedule E-5

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

SUMMARY STATEMENT OF CASH FLOWS

DESCRIPTION	YEAR ENDED (1)				PROJECTED YEAR (3)	
	12-31-98	12-31-99	12-31-00	12-31-00 (2)	PRESENT RATES	PROPOSED RATES
Cash Flow From Oper.:						
Net Income	\$103,374	\$820,619	\$365,082	\$432,467	\$554,855	\$1,619,785
Adj. for Non-Cash Exp. and Changes in Work Cap.	514,168	869,066	(496,736)	(496,736)	150,000	150,000
Net Cash Flow from Oper.	\$617,542	\$1,689,685	(\$131,654)	(\$64,269)	\$704,855	\$1,769,785
Cash Expenditures - Plant	(503,103)	(2,009,437)	(4,592,355)	(4,592,355)	(21,251,643)	(21,251,643)
Financing Activities:						
IDA Financing & Other Sources	0	5,240,879	2,664,071	2,664,071	\$16,000,000	\$16,000,000
Paid In Capital	0	0	0	0	\$3,500,000	\$3,500,000
Inc. (Decrease) in Cash	\$114,439	\$4,921,127	(\$2,059,938)	(\$1,992,553)	(\$1,046,788)	\$18,142
Cash & Cash Equiv. - Beg.	316,271	430,710	5,351,837	5,351,837	3,291,899	3,291,899
Cash & Cash Equiv. - Ending	\$430,710	\$5,351,837	\$3,291,899	\$3,359,284	\$2,245,111	\$3,310,041
Restricted Cash	\$0	\$3,800,491	\$2,394,706	\$2,394,706	\$1,500,000	\$1,500,000

Supporting Schedules:
(1) Schedule E-3
(2) Adjusted Test Year
(3) Schedule F-2

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

COMPUTATION OF GROSS REVENUE CONVERSION FACTOR

DESCRIPTION	PERCENTAGE
Federal Income Taxes	31.6300%
State Income Taxes	6.9680%
Total Income Taxes	38.5980%
Gross Revenue Conversion Factor = $1/(1 - \text{Income Tax Percentage})$ =	1.6286

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

SUMMARY COST OF CAPITAL

DESCRIPTION	12-31-99 AMOUNT	PERCENT	COST RATE	WEIGHTED COST RATE
Long Term Debt	\$5,335,000	25.74%	5.77%	1.49%
Common Equity	15,388,544	74.26%	11.00%	8.17%
Total Capital	<u>\$20,723,544</u>	<u>100.00%</u>		<u>9.65%</u>

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

COMPARATIVE BALANCE SHEETS
ASSETS

DESCRIPTION	BALANCE AT		
	12-31-00	12-31-99	12-31-98
Investor Supplied Plant:			
Gross Utility Plant In Service	\$20,316,849	\$15,634,263	\$13,756,280
Less: Accumulated Depreciation	2,032,725	1,962,841	1,719,292
Net Utility Plant In Service	18,284,124	13,671,422	12,036,988
CWIP	2,251,550	249,668	36,789
Total Investor Supplied Plant	20,535,674	13,921,090	12,073,777
Contributed Utility Plant - Net	2,152,877	870,538	916,642
Total Utility Plant	22,688,551	14,791,628	12,990,419
Current Assets:			
Cash	897,193	1,551,346	430,710
Accounts Receivable	195,978	169,565	137,273
Other Receivables	179,086	11,581	4,069
Due From Affiliates	1,718,474	1,410,380	5,003
Prepaid Expenses	0	0	4,664
Total Current Assets	2,990,731	3,142,872	581,719
Restricted Cash - IDA Financing	2,394,649	3,800,491	0
Unamortized Debt Discount & Expense	309,045	323,099	0
Deferred Debits:			
Rate Case Expense	9,179	29,125	49,071
C.A.P. Contract	0	10,612	1,146,486
Loss on Disposal of Treatment Plant	0	0	513,035
Other Deferred Debits	3,243	3,243	0
Total Deferred Debits	12,422	42,980	1,708,592
Total Assets	<u>\$28,395,398</u>	<u>\$22,101,070</u>	<u>\$15,280,730</u>

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

COMPARATIVE BALANCE SHEETS
LIABILITIES AND EQUITY

DESCRIPTION	BALANCE AT		
	12-31-00	12-31-99	12-31-98
Capitalization:			
Long Term Debt	\$5,215,000	\$5,335,000	\$300,000
Equity:			
Common Stock	78,200	78,200	78,200
Paid In Capital	13,428,557	10,938,918	11,151,953
Retained Earnings	1,881,787	1,516,705	695,911
Total Equity	15,388,544	12,533,823	11,926,064
Total Capital	20,603,544	17,868,823	12,226,064
Other Liabilities:			
Contributions and Advances In Aid	5,052,703	870,538	916,642
Refundable Meter Deposits	896,344	707,524	586,162
Deferred Income Taxes	17,613	17,613	216,617
CAP Contract	432,965	1,175,527	887,081
Other Deferred Credits	0	786,568	2,068
Total Other Liabilities	6,399,625	3,557,770	2,608,570
Current Liabilities			
Accounts Payable	425,919	237,175	109,495
Due to Affiliates	21,895	46,670	110,185
Current Portion - LT Debt	120,000	0	0
Accrued Income Taxes	522,592	274,030	111,303
Other Accrued Taxes	8,636	8,478	60,488
Other Current Liabilities	293,187	108,124	54,625
Total Current Liabilities	1,392,229	674,477	446,096
Total Liabilities and Equity	\$28,395,398	\$22,101,070	\$15,280,730

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

COMPARATIVE INCOME STATEMENTS

DESCRIPTION	YEAR ENDED (1)		
	12-31-00	12-31-99	12-31-98
Operating Revenues:			
Water	\$1,630,605	\$1,433,289	\$1,120,370
Sewer	1,692,620	1,420,123	1,041,290
Total Operating Revenues	3,323,225	2,853,412	2,161,660
Operating Expenses:			
Salaries & Wages	344,895	224,853	204,984
Employee Benefits	81,280	61,001	68,043
Purchased Power	306,194	255,987	219,386
Purchased Wastewater Treatment	575,285	578,385	486,628
Outside Services - Legal & Eng.	166,563	88,059	32,363
Outside Services - Oper. & Maint.	412,419	276,513	333,457
Rental Expense	57,882	42,850	39,001
Materials & Supplies	83,286	73,824	42,395
General & Administrative	118,160	94,429	73,420
Depreciation & Amortization	301,546	247,322	409,111
Property Taxes	166,854	116,282	164,909
Income Taxes	248,562	(108,935)	8,182
Total Operating Expenses	2,862,926	1,950,570	2,081,879
Operating Income	460,299	902,842	79,781
Other (Income) & Expense:			
Interest Income	(223,432)	(7,515)	(127)
Interest Expense	307,700	26,743	20,388
Other	10,949	2,330	(67,384)
Total Other Income & Expense	95,217	21,558	(47,123)
Net Income	\$365,082	\$881,284	\$126,904

Supporting Schedules:
(1) Schedule E-6

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

COMPARATIVE STATEMENTS OF CASH FLOW

DESCRIPTION	YEAR ENDED		
	12-31-00	12-31-99	12-31-98
Cash Flow From Operations:			
Net Income	\$365,082	\$820,619	\$103,374
Adjustments for Non-Cash Expenses and Changes in Working Capital	(496,736)	869,066	514,168
Net Cash Flow From Operations	(\$131,654)	\$1,689,685	\$617,542
Cash Expenditures - Plant	(4,592,355)	(2,009,437)	(503,103)
Cash Flow From Financing Activities:			
IDA Bond Financing & Advances	2,664,071	5,240,879	0
Increase (Decrease) In Cash & Cash Equiv.	(\$2,059,938)	\$4,921,127	\$114,439
Cash & Cash Equivalents - Beginning of Year	5,351,837	430,710	316,271
Cash & Cash Equivalents - End of Year	\$3,291,899	\$5,351,837	\$430,710
Restricted Cash	\$2,394,706	\$3,800,491	\$0

**LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

STATEMENT OF STOCKHOLDERS' EQUITY**

DESCRIPTION	COMMON STOCK	RETAINED EARNINGS	PAID IN CAPITAL
Balance December 31, 1997	\$78,200	\$665,307	\$7,417,170
Additional Paid In Capital			3,734,783
Net Income		126,904	
Retained Earnings Adjustments		(96,300)	
Balance December 31, 1998	\$78,200	\$695,911	\$11,151,953
Adjustments - Paid In Capital			(213,035)
Net Income		881,284	
Retained Earnings Adjustments		(60,490)	
Balance December 31, 1999	\$78,200	\$1,516,705	\$10,938,918
Additional Paid In Capital			2,489,639
Net Income		365,082	
Balance December 31, 2000	<u>\$78,200</u>	<u>\$1,881,787</u>	<u>\$13,428,557</u>

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

DETAIL OF UTILITY PLANT - INVESTOR PLANT

DESCRIPTION	BALANCE AT 12-31-00	NET ADDITIONS	BALANCE 12-31-99
Land	\$671,103	\$670,428	\$675
Structures & Improvements	114,008	3,950	110,058
Wells	604,794	5,673	599,121
Pumping Equipment	405,376	113,404	291,972
Distribution Reservoir	278,676	0	278,676
Water Treatment Equipment	82,310	52,170	30,140
Transmission & Distribution Mains	3,887,812	636,617	3,251,195
Backflow Devices	8,426	8,426	0
Services	1,755,960	1,101,059	654,901
Meters & Meter Installations	1,208,924	166,203	1,042,721
Hydrants	269,249	181,599	87,650
Office Furniture & Equipment	100,841	24,698	76,143
Tools & Shop Equipment	6,757	697	6,060
Power Generating Equipment	69,151	0	69,151
Transportation Equipment	901	0	901
Total Gross Utility Plant In Service	<u>\$9,464,288</u>	<u>\$2,964,924</u>	<u>\$6,499,364</u>
Accumulated Depreciation	<u>1,453,012</u>	<u>92,359</u>	<u>1,360,653</u>
Net Utility Plant In Service	<u><u>\$8,011,276</u></u>	<u><u>\$2,872,565</u></u>	<u><u>\$5,138,711</u></u>

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

DETAIL OF UTILITY PLANT - INVESTOR PLANT

DESCRIPTION	BALANCE AT 12-31-00	NET ADDITIONS	BALANCE 12-31-99
Land	\$1,742,400	\$1,742,400	\$0
Collection Sewers	3,654,748	622,373	\$3,032,375
Lift Stations	555,956	670	555,286
Collection Sewers - Reserve	0	(603,268)	603,268
Effluent Lines	370,964	67,723	303,241
Outfall Sewer Lines	0	(136,193)	136,193
Flow Measuring Devices	11,020	0	11,020
Power Generation Equipment	21,372	21,372	0
Tools & Shop Equipment	5,508	0	5,508
Office Furniture & Equipment	29,620	2,588	27,032
Transportation Equipment	225	0	225
Other Sewer Plant & Equipment	4,460,750	0	4,460,750
Total Gross Utility Plant In Service	<u>\$10,852,563</u>	<u>\$1,717,665</u>	<u>\$9,134,898</u>
Accumulated Depreciation	<u>579,713</u>	<u>(22,475)</u>	<u>602,188</u>
Net Utility Plant In Service	<u><u>\$10,272,850</u></u>	<u><u>\$1,740,140</u></u>	<u><u>\$8,532,710</u></u>

LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION
Test Year Ended December 31, 2000

COMPARATIVE OPERATING INCOME STATEMENTS

DESCRIPTION	YEAR ENDED		
	12-31-00	12-31-99	12-31-98
Operating Revenues:			
Water Sales	\$1,566,516	\$1,366,728	\$1,090,742
Other Water Revenues	64,089	66,561	29,628
Total Operating Revenues	1,630,605	1,433,289	1,120,370
Operating Expenses:			
Salaries & Wages	282,126	181,540	165,428
Employee Benefits	65,024	48,801	54,707
Purchased Power	281,008	231,328	196,447
Purchased Wastewater Treatment	0	0	0
Outside Services - Legal & Eng.	147,738	47,145	16,791
Outside Services - Oper. & Maint.	320,660	223,161	242,820
Rental Expense	35,593	33,742	30,930
Materials & Supplies	48,373	39,434	32,436
General & Administrative	92,392	68,897	56,145
Depreciation & Amortization	184,227	146,240	170,905
Property Taxes	74,019	62,700	85,537
Income Taxes	198,846	(85,732)	6,546
Total Operating Expenses	1,730,006	997,256	1,058,692
Operating Income	<u>(\$99,401)</u>	<u>\$436,033</u>	<u>\$61,678</u>

LITCHFIELD PARK SERVICE COMPANY
SEWER DIVISION
Test Year Ended December 31, 2000

COMPARATIVE OPERATING INCOME STATEMENTS

DESCRIPTION	YEAR ENDED		
	12-31-00	12-31-99	12-31-98
Operating Revenues:			
Monthly Sewer Service	\$1,666,278	\$1,407,576	\$1,037,746
Other Sewer Revenues	26,342	12,547	3,544
Total Operating Revenues	1,692,620	1,420,123	1,041,290
Operating Expenses:			
Salaries & Wages	62,769	43,313	39,556
Employee Benefits	16,256	12,200	13,336
Purchased Power	25,186	24,659	22,939
Purchased Wastewater Treatment	575,285	578,385	486,628
Outside Services - Legal & Eng.	18,825	40,914	15,572
Outside Services - Oper. & Maint.	91,759	53,352	90,637
Rental Expense	22,289	9,108	8,071
Materials & Supplies	34,913	34,390	9,959
General & Administrative	25,768	25,532	17,275
Depreciation & Amortization	117,319	101,082	238,206
Property Taxes	92,835	53,582	79,372
Income Taxes	49,716	(23,203)	1,636
Total Operating Expenses	1,132,920	953,314	1,023,187
Operating Income	\$559,700	\$466,809	\$18,103

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

OPERATING STATISTICS

DESCRIPTION	YEAR ENDED		
	12-31-00	12-31-99	12-31-98
WATER DIVISION:			
Year End Customers:			
Residential	5,080	4,283	3,642
Commercial	217	204	180
Sprinkler	235	219	193
Hydrant	30	18	17
Average Customers:			
Residential	4,682	3,963	3,392
Commercial	211	192	178
Sprinkler	227	206	184
Hydrant	24	18	16
Gallons Sold:			
Residential	783,466,000	667,933,000	535,538,000
Commercial	172,295,000	175,377,000	179,212,000
Sprinkler	205,369,000	188,989,000	173,692,000
Hydrant	53,858,000	57,167,000	20,949,000
Revenues:			
Residential	\$1,070,374	\$888,022	\$684,102
Commercial	212,176	211,547	200,163
Sprinkler	236,173	217,889	188,698
Hydrant	47,791	51,470	17,779
Revenues Per Avg. Customer:			
Residential	\$229	\$224	\$202
Commercial	1,008	1,102	1,125
Sprinkler	1,040	1,058	1,026
Hydrant	1,991	2,941	1,111
SEWER DIVISION:			
Year End Customers:			
Residential	5,020	4,131	3,375
Commercial	122	113	100
Effluent	3	1	1
Average Customers:			
Residential	4,576	3,753	3,184
Commercial	118	107	91
Effluent	2	1	1
Revenues:			
Residential	\$1,340,390	\$1,084,506	\$769,560
Commercial	325,887	323,070	268,187
Effluent	26,342	12,547	3,544
Revenues Per Avg. Customer:			
Residential	\$293	\$289	\$242
Commercial	2,774	3,034	2,947
Effluent	13,171	12,547	3,544

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000
TAXES CHARGED TO OPERATIONS

DESCRIPTION	YEAR ENDED		
	12-31-00	12-31-99	12-31-98
WATER DIVISION:			
Property Taxes	\$74,019	\$62,700	\$85,537
FICA Taxes	18,645	13,133	12,172
Federal Unemployment Taxes	335	268	236
State Unemployment Taxes	299	17	126
Income Taxes	198,846	(85,732)	6,546
SEWER DIVISION:			
Property Taxes	\$92,835	\$53,582	\$79,372
FICA Taxes	4,661	3,283	3,043
Federal Unemployment Taxes	84	67	59
State Unemployment Taxes	75	4	32
Income Taxes	49,716	(23,203)	1,636

**LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000**

NOTES TO FINANCIAL STATEMENTS

A. AUDITS:

The financial statements of Litchfield Park Service Company are audited annually by Deloitte & Touche, LLP.

B. ACCOUNTING METHODS:

The accrual accounting method is used by Litchfield Park Service Company.

C. DEPRECIATION RATES:

Composite straight-line depreciation rates of 2.62% and 2.52% are used to calculate depreciation for the Water and Sewer Divisions, respectively.

D. ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC) :

AFUDC is not capitalized on construction as a general policy. AFUDC may be applicable to large construction projects to be undertaken in future years.

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

PROJECTED INCOME STATEMENTS - PRESENT AND PROPOSED RATES

DESCRIPTION	TEST YEAR 12-31-00	PROJECTED YEAR AT	
		PRESENT RATES 12-31-01	PROPOSED RATES 12-31-01
Operating Revenues:			
Water	\$1,630,605	\$1,858,563	\$2,825,387
Sewer	1,692,620	1,968,031	2,735,563
Total Operating Revenues	3,323,225	3,826,594	5,560,951
Operating Expenses:			
Salaries & Wages	344,895	477,876	477,876
Employee Benefits	81,280	106,211	106,211
Purchased Power	306,194	346,583	346,583
Purchased Wastewater Treatment	575,285	486,190	486,190
Outside Services - Legal & Eng.	166,563	89,226	89,226
Outside Services - Oper. & Maint.	412,419	395,509	395,509
Rental Expense	57,882	36,094	36,094
Materials & Supplies	83,286	61,491	61,491
General & Administrative	118,160	100,999	100,999
Depreciation & Amortization	301,546	364,857	364,857
Property Taxes	166,854	226,601	226,601
Income Taxes	248,562	348,788	1,018,215
Total Operating Expenses	2,862,926	3,040,425	3,709,852
Operating Income	460,299	786,169	1,851,099
Other (Income) & Expense:			
Interest Income	(223,432)	(85,000)	(85,000)
Interest Expense	307,700	320,314	320,314
Other	10,949	(4,000)	(4,000)
Total Other Income & Expense	95,217	231,314	231,314
Net Income	\$365,082	\$554,855	\$1,619,785

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

PROJECTED STATEMENTS OF CASH FLOWS - PRESENT AND PROPOSED RATES

DESCRIPTION	TEST YEAR 12-31-00	PROJECTED YEAR AT	
		PRESENT RATES 12-31-01	PROPOSED RATES 12-31-01
Cash Flow From Operations:			
Net Income	\$365,082	\$554,855	\$1,619,785
Adjustments for Non-Cash Expenses and Changes in Working Capital	(496,736)	150,000	150,000
Net Cash Flow From Operations	(\$131,654)	\$704,855	\$1,769,785
Cash Expenditures - Plant	(4,592,355)	(21,251,643)	(21,251,643)
Cash Flow From Financing Activities:			
IDA Bond Financing & Other Sources	2,664,071	16,000,000	16,000,000
Paid In Capital		\$3,500,000	\$3,500,000
Increase (Decrease) In Cash & Cash Equiv.	(\$2,059,938)	(\$1,046,788)	\$18,142
Cash & Cash Equivalents - Beginning of Year	5,351,837	3,291,899	3,291,899
Cash & Cash Equivalents - End of Year	<u>\$3,291,899</u>	<u>\$2,245,111</u>	<u>\$3,310,041</u>
Restricted Cash	<u>\$2,394,706</u>	<u>\$1,500,000</u>	<u>\$1,500,000</u>

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

PROJECTED CONSTRUCTION REQUIREMENTS

DESCRIPTION	ACTUAL	PROJECTED		
	12-31-00	2001	2002	2003
WATER DIVISION:				
Wells & Storage	\$0	\$1,200,000	\$500,000	\$425,000
Pumping Equipment & Treatment	113,404	0	265,000	100,000
Transmission & Distribution Mains	636,617	3,720,192	405,000	655,000
Services	23,425	85,000	85,000	85,000
Meters & Meter Installations	166,202	213,564	487,734	511,932
Hydrants	114,659	60,000	30,000	0
Office Furniture & Equipment	22,321	82,600	0	0
Tools & Shop Equipment	697	15,200	0	0
Total Water Construction	<u>\$1,077,325</u>	<u>\$5,376,556</u>	<u>\$1,772,734</u>	<u>\$1,776,932</u>
SEWER DIVISION:				
Collection Sewers	\$764,398	\$790,349	\$550,000	\$500,000
Reclaimed Water Lines	0	1,000,000	0	0
Flow Measuring Devices	0	0	0	0
Effluent Recharge	0	0	1,000,000	0
Tools & Shop Equipment	0	3,800	0	0
Office Furniture & Equipment	3,018	9,400	0	0
Treatment Capacity	1,387,252	14,071,538	2,664,713	100,000
Total Sewer Construction	<u>\$2,154,668</u>	<u>\$15,875,087</u>	<u>\$4,214,713</u>	<u>\$600,000</u>
TOTAL COMPANY	<u>\$3,231,993</u>	<u>\$21,251,643</u>	<u>\$5,987,447</u>	<u>\$2,376,932</u>

LITCHFIELD PARK SERVICE COMPANY
TOTAL COMPANY
Test Year Ended December 31, 2000

KEY ASSUMPTIONS SUPPORTING THE DEVELOPMENT OF PROJECTIONS

DESCRIPTION	FACTOR
A. REVENUES & EXPENSES - PRESENT RATES: Based on Budgeted Amounts for the Year 2001	
B. OTHER INCOME AND EXPENSE: Based on Budgeted Amounts for the Year 2001	
C. REVENUES - PROPOSED RATES: Water Revenues - Percentage Increase	52%
Sewer Revenues - Percentage Increase	39%
D. INCOME TAXES: Incremental Income Tax Rate	38.5980%

**BEFORE THE ARIZONA CORPORATION COMMISSION
LITCHFIELD PARK SERVICE COMPANY
DOCKET NOS. W-01427A-01-XXX AND SW-01428A-01-XXX**

Direct Testimony of Dan L. Neidlinger

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, ADDRESS AND OCCUPATION.

A. My name is Dan L. Neidlinger. My business address is 3020 North 17th Drive, Phoenix, Arizona. I am President of Neidlinger & Associates, Ltd., a consulting firm specializing in utility rate economics.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS AND EXPERIENCE.

A. A summary of my professional qualifications and experience is included in the attached Statement of Qualifications. In addition to the Arizona Corporation Commission ("ACC or the "Commission"), I have presented expert testimony before regulatory commissions and agencies in Alaska, California, Colorado, Guam, Idaho, New Mexico, Nevada, Texas, Utah, Wyoming and the Province of Alberta, Canada.

Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A. I am appearing on behalf of the applicant, Litchfield Park Service Company ("LPSCO" or the "Company").

Q. WHAT IS THE TEST YEAR IN THIS CASE?

A. The test year in this case is the calendar year ended December 31, 2000.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony addresses the following issues for both the water and sewer divisions:

1. The development of original cost rate base at December 31, 2000;
2. Adjusted operating income for the test year;

B

3. The calculation of revenue requirements;
4. Preparation of a cost of service study; and
5. The design of revised rates.

Q. IS THE COMPANY REQUESTING A WAIVER WITH RESPECT TO THE DEVELOPMENT OF RCND RATE BASE FOR BOTH DIVISIONS?

A. Yes.

Q. WERE THE SCHEDULES FILED IN SUPPORT OF LPSCO'S RATE APPLICATION PREPARED BY YOU OR OTHERS UNDER YOUR SUPERVISION?

A. Yes. All of the schedules contained in the filing, as required by ACC R14-2-103, were prepared by me based on financial information obtained from the books and records of the Company together with statistical and accounting analyses that were prepared by Company personnel at my request.

Q. PLEASE SUMMARIZE THE COMPANY'S OVERALL REQUEST IN THIS PROCEEDING.

A. The Company is requesting an increase in water revenues of approximately \$876,000 or 52% of adjusted test year revenues of \$1,684,000. The requested increase in sewer revenues is \$721,000 or 39% of adjusted test year revenues of \$1,838,000.

Q. IS THE PROPOSED 39% INCREASE IN SEWER REVENUES ATTRIBUTABLE, IN ANY WAY, TO THE NEW WASTEWATER TREATMENT PLANT CURRENTLY UNDER CONSTRUCTION?

A. No. As discussed later in my testimony, this new treatment facility has no effect on the rates proposed in this case.

II. WATER DIVISION

Q. PLEASE EXPLAIN THE REQUESTED INCREASE IN WATER REVENUES SHOWN ON SCHEDULE A-1, PAGE 1 OF THE FILING.

- A. Schedule A-1 shows original cost less depreciation ("OCLD") and reconstruction cost new less depreciation ("RCND") rate bases both in the amount of \$6,303,698 at December 31, 2000. OCLD and RCND are the same in this case since, as previously stated, the Company is seeking Staff permission to waive the requirement to prepare a separate and costly RCND rate base analysis. The current rate of return on OCLD rate base is 1.12%. Applying the Company's estimated cost of capital of 9.65% to rate base produces an operating income requirement of \$608,534 or \$537,781 greater than the adjusted test year operating income of \$70,753. Using a gross revenue conversion factor of 1.6286, as developed on page 64, the calculated increase in revenues is \$875,837.
- Q. PLEASE EXPLAIN THE DEVELOPMENT OF THE OCLD RATE BASE SHOWN ON SCHEDULE B-1, PAGE 3 OF THE FILING.
- A. Adjusted original cost net water plant in service at the end of the test year was \$8,011,275. Additions to net plant are construction work in progress ("CWIP") in the amount of \$497,475 and \$138,358 for working capital. Deductions to rate base total \$2,343,410 and are comprised of advances in aid of construction ("AIAC"), deferred income taxes and meter advances. Detail, by plant account classification, supporting the gross utility water plant of \$9,464,287 is provided on Schedule E-5, page 71 of the filing.
- Q. DID THE COMPANY OWN ANY CONTRIBUTED WATER PLANT AT THE END OF THE TEST YEAR?
- A. Yes. At December 31, 2000, the Company had recorded contributed water plant of \$587,915, net of amortization, on its books. Contributed plant is segregated in the Company's accounting records from plant funded by debt and equity capital. The property account balances shown on Schedule E-5 and summarized on Schedule B-1 exclude all contributed plant amounts.
- Q. PLEASE EXPLAIN THE ADJUSTMENTS TO OCLD SHOWN ON SCHEDULE B-2, PAGE 4 OF THE FILING.
- A. The \$443,064 increase in CWIP represents the additional investment in a new well subsequent to the end of the test year. The well will be placed in service in July 2001.

The \$267,484 increase in deferred income taxes adjusts this account to its correct balance at December 31, 2000.

Q. HOW WAS THE \$138,358 ALLOWANCE FOR WORKING CAPITAL DETERMINED?

A. The allowance for working capital was calculated using the formula method. In prior LPSCO rate cases, the Staff has taken the position that a lead-lag study should be made to determine working capital requirements. The Company has decided not to conduct a lead-lag study due to the time-consuming and, accordingly, expensive nature of these studies. I urge the Staff to reconsider its previous positions regarding working capital for LPSCO and adopt the formula method in this case.

Q. PLEASE EXPLAIN SCHEDULE C-1 SHOWN ON PAGE 5.

A. Schedule C-1 is the adjusted operating income statement for the water division. The water division recorded an operating loss for the test year of \$114,653. As shown in the middle column of Schedule C-1, pro forma adjustments to actual test year numbers increase operating income by \$185,406 resulting in an adjusted operating income of \$70,753. Detail supporting these pro forma adjustments is provided on Schedule C-2.

Q. WHAT ARE THE NATURE OF THE REVENUE AND EXPENSE PRO FORMA ADJUSTMENTS SHOWN ON SCHEDULE C-2?

A. The revenue and expense pro forma adjustments can be summarized as follows:

1. A \$98,996 increase in water sales due to year-end customer annualization; pro forma adjustments were also made to the variable costs associated with these sales;
2. A \$17,857 decrease in water sales due to reconciliation of bill counts;
3. A \$25,792 decrease in water sales to more accurately reflect the expected annual sales of construction water from hydrants;
4. A \$12,903 reclassification of non-operating revenues to other water revenues;
5. A \$11,135 increase in salaries and wages and a \$10,606 increase in related employee benefits to reflect changes in levels of employment and wage rates from test year levels;

6. A \$10,832 net increase in pumping power related to the year-end customer adjustment and the construction water sales normalization;
7. A \$26,165 reduction in legal and engineering fees for non-recurring services;
8. A \$10,400 increase in other outside services to reflect the annualization of higher SunCor charges;
9. A \$8,043 adjustment to amortize the water division's share of rate case expenses over 3 years;
10. A \$42,513 increase in property tax expense to reflect 2001 property tax expense levels; and
11. A net \$188,178 reduction in income tax expense. This adjustment includes a \$187,108 decrease in book income taxes due to an incorrect allocation of income taxes between the water and sewer divisions.

Q. PLEASE EXPLAIN THE GROSS REVENUE CONVERSION FACTOR OF 1.6286.

A. Details showing the calculation of this factor are provided on Schedule C-3, page 64 of the filing. As indicated on that schedule, the gross revenue conversion factor was developed using LPSCO's incremental federal income tax rate, net of the effect of state taxes, of 31.63% and the current Arizona corporate tax rate of 6.986%. This factor is applicable to both divisions.

Q. HOW WAS THE RECOMMENDED COST OF CAPITAL OF 9.65% CALCULATED?

A. As shown on Schedule D-1, page 65 of the filing, the weighted cost of capital for LPSCO is estimated at 9.65% using the actual capital structure of the Company at December 31, 1999. At that date, the capital structure was comprised of 25.74% in long-term debt and 74.26% in common equity. The long-term debt is comprised entirely of IDA bonds. The embedded interest cost on these bonds is 5.77%. The requested return on common equity is 11.00%. Although I have not conducted detailed cost of equity analysis, 11.00% is a reasonable cost of equity, in my judgment, for LPSCO at this time. Further, the 11.00% is within a 25 basis point range (up or down) of recent cost of equity findings by the Commission for water and sewer companies.

Q. IS THE 9.65% COST OF CAPITAL ALSO APPLICABLE TO THE SEWER DIVISION?

A. Yes.

Q. WHAT WAS THE COMMISSION'S FINDING ON RATE OF RETURN IN THE COMPANY'S LAST RATE CASE?

A. The Commission rate of return finding in the Company's last rate case, Decision No. 60831 dated April 30, 1998, was 10.77% for both divisions.

Q. HAS THE COMPANY ACHIEVED A 10.77% RETURN ON TOTAL CAPITAL?

A. No. The Company's actual unadjusted return on total average capital (Schedule A-2, page 58) for calendar 2000 was only 2.39%. On an adjusted basis, the return increases slightly to 2.74%. The current rate levels for both divisions cannot provide a reasonable rate of return because the current utility plant costs per customer are significantly greater than the average plant-per-customer costs in rate base in 1996 – the test year in the last rate case.

Q. DID YOU PREPARE A COST OF SERVICE STUDY FOR THE WATER DIVISION?

A. Yes. A cost of service analysis for the Company's water operations is provided in the "G" series of water schedules, pages 21 through 34 of the filing.

Q. WHY IS COST OF SERVICE IMPORTANT?

A. Cost of service is the single most important criterion in the development of revenues by customer class and the design of rates that will produce those revenues. If rates are not cost-based, the inevitable results are subsidies among classes of customers and customers within a class. This is not only perceived as inequitable, but may result in distorted customer decisions concerning the use of utility services. Although other factors, such as continuity, simplicity and stability, are valid considerations in the rate design process, the primary guideline should be cost of service.

Q. PLEASE SUMMARIZE THE RESULTS OF YOUR STUDY.

A. The results of my study are summarized on Schedules G-1 and G-2, pages 21 and 22. At present rates, Schedule G-1, negative rates of return are shown for the ¾" and 10" meter classes. The 2" meter class currently provides the largest relative rate of return.

Q. DO THE PROPOSED RATES IMPROVE THE RELATIVE RETURN RELATIONSHIPS AMONG METER CLASSES?

A. Yes. As shown on Schedule G-2, all meter classes show positive rates of return at proposed rates and the return relationships are somewhat better although the return indices for the 1 & ½", 2" and 4" meter classes remain relatively high.

Q. PLEASE EXPLAIN THE RATE OF RETURN INDEX CONCEPT.

A. The rate of return index is a relative measure of the class contribution to the system average rate of return. An index below 1.00 indicates that a class's revenues are not sufficient to recover its cost of service, while an index exceeding 1.00 indicates that a class is over-recovering its cost of service, thereby providing revenue subsidies to other classes. In this case, except for the 10" meter class, the larger meter classes are providing revenue subsidies to the small meter classes.

Q. HAVE YOU PROPOSED ANY MAJOR CHANGES IN RATE DESIGN IN THIS CASE?

A. No. The proposed rates provided on Schedule H-3, pages 9 and 10 of the filing, maintain the current inverted two-block rate design with usage over 5,000 gallons billed at the higher rate for all meter sizes. Formal tariffs containing these rates are appended to the filing. The proposed base rate for the first block is \$1.02 per thousand gallons or 62% higher than the current rate of \$0.63. The current \$0.88 per thousand rate for the second block has been increased by 55% to \$1.36. Monthly service charges for all meter sizes have been increased by approximately 40%.

Q. WHAT ABOUT THE RATES FOR CONSTRUCTION WATER?

A. The proposed rate of \$2.50 per thousand gallons for construction water from hydrants represents a 284% increase over the current rate of \$0.88. The proposed rate is also \$1.14 per thousand gallons higher than the \$1.36 proposed for permanent customers.

Construction water is a premium service that commands a premium price. In addition, a monthly service charge of \$100 has been added to this rate due to the greater-than-normal costs incurred by the Company to administer this type of water service.

Q. WHAT IS THE EFFECT OF THE PROPOSED WATER RATES ON THE MONTHLY BILL OF A RESIDENTIAL CUSTOMER?

A. As shown on Schedule H-4, page 12 of the filing, the average monthly bill for a residential customer with a 5/8" meter would increase by \$3.76 per month to \$11.63 – an increase of 48%. Residential customers with 3/4" meters and an average monthly usage of 10,320 gallons would experience a 50% increase.

Q. IS THE COMPANY PROPOSING ANY OTHER CHANGES IN ITS WATER RATE SCHEDULES?

A. Yes. Proposed changes in other rates and charges, Schedule H-3, page 11, include proposed increases in establishment of service and reconnection of service charges and an increase in the hourly rate charged for after-hours service calls. The Company does not charge customers for service calls during normal working hours. Increases in refundable meter installation charges are also requested. These proposed charges are within the range recommended by ACC Staff engineers.

III. SEWER DIVISION

Q. PLEASE EXPLAIN THE REQUESTED INCREASE IN SEWER REVENUES SHOWN ON SCHEDULE A-1, PAGE 35 OF THE FILING.

A. The adjusted OCLD sewer rate base at the end of the test year was \$9,320,569. Applying LPSCO's overall cost of capital of 9.65% to this amount produces an operating income requirement of \$899,771 or \$442,840 more than adjusted operating income for the sewer division of \$456,931. Multiplying this deficiency in operating income by the revenue conversion factor of 1.6286 results in a required increase in sewer revenues of \$721,214 or 39.23%.

Q. PLEASE EXPLAIN THE DEVELOPMENT OF OCLD RATE BASE SHOWN ON SCHEDULE B-1, PAGE 37 OF THE FILING.

A. Adjusted OCLD sewer plant in service at the end of the test year was \$8,352,020. Additions to net plant are CWIP in the amount of \$1,230,049 and \$84,968 for working capital. Deferred income taxes of \$346,468 were then deducted resulting in a total rate base of \$9,320,569.

Q. DID THE COMPANY OWN ANY CONTRIBUTED SEWER PLANT AT THE END OF THE TEST YEAR?

A. Yes. At December 31, 2000, the Company had recorded contributed sewer plant of \$1,564,962, net of amortization, on its books. As previously discussed, contributed plant is segregated in the Company's accounting records. Accordingly, the rate base calculations shown on Schedules B-1 and B-2 for the sewer division exclude all contributed plant.

Q. PLEASE EXPLAIN THE PRO FORMA ADJUSTMENTS TO OCLD RATE BASE SHOWN ON SCHEDULE B-2, PAGE 38.

A. The pro forma adjustments to OCLD rate base are as follows:

1. A reduction of \$1,742,400 in gross utility plant for land that was acquired as the site for a new wastewater treatment facility currently under construction;
2. A \$178,430 adjustment to accumulated depreciation for amortization of sewer capacity;
3. A \$967,089 reduction in CWIP at the end of the test year for CWIP expenditures related to the new treatment plant;
4. An adjustment of \$1,730,810 to advances in aid, all of which are related to the new treatment plant; and
5. A \$346,468 increase in deferred income taxes to adjust this account to its correct balance at December 31, 2000.

The net effect of these adjustments is a reduction in OCLD rate base of \$1,503,575.

Q. PLEASE EXPLAIN THE \$178,430 ADJUSTMENT TO ACCUMULATED DEPRECIATION RELATED TO THE AMORTIZATION OF SEWER CAPACITY.

- A. The Company currently owns 1.4 million-gallons-per day ("MGD") of capacity rights in the wastewater treatment facilities owned by the City of Goodyear ("City"). These rights have been acquired at a cost of \$4,460,750 and are recorded on LPSCO's books as "Other Sewer Plant". Since this investment is not a tangible asset, it is not subject to depreciation. However, for ratemaking purposes, the investment is being amortized over 25 years (\$178,430 annually) since it is a proxy for a 1.4 MGD plant owned by LPSCO.
- Q. WHAT IS THE EFFECT OF THIS ADJUSTMENT ON SEWER COST OF SERVICE?
- A. Test year depreciation and amortization expense was increased by \$178,430. Charges to the Company by the City during the test year for treatment capacity totaled \$149,177; these charges were eliminated from cost of service to avoid duplication of treatment capacity costs.
- Q. WILL THE COMPANY RETAIN THIS CAPACITY WHEN ITS NEW WASTEWATER TREATMENT PLANT IS COMPLETED IN 2002?
- A. No. The City will reacquire the 1.4 MGD treatment capacity at the cost paid by LPSCO. The proceeds from this repurchase will be used as a source of financing for the new treatment facility.
- Q. DOES LPSCO'S NEW TREATMENT FACILITY HAVE ANY AFFECT ON THE SEWER RATES PROPOSED IN THIS PROCEEDING?
- A. No. The Company's investment, net of developer advances, in this new facility at the end of the test year was approximately \$1,540,000. None of this investment is included in rate base in this proceeding.
- Q. PLEASE EXPLAIN SCHEDULE C-1 SHOWN ON PAGE 39.
- A. Schedule C-1 is the adjusted operating income statement for the sewer division. The recorded operating income for the test year was \$559,700. As shown in the middle column of Schedule C-1, pro forma adjustments to actual test year numbers decrease operating income by \$102,769 resulting in an adjusted operating income of \$456,931. Detail supporting these pro forma adjustments is provided on Schedule C-2.

Q. WHAT ARE THE NATURE OF THE REVENUE AND EXPENSE PRO FORMA ADJUSTMENTS SHOWN ON SCHEDULE C-2?

A. The revenue and expense pro forma adjustments can be summarized as follows:

1. A \$120,849 increase in sewer revenues due to year-end customer annualization; pro forma adjustments were also made to the variable costs associated with these increased revenues;
2. A \$23,320 increase in sewer revenues due to a reconciliation of bill counts;
3. A \$1,509 increase in other sewer revenues due to a reclassification of other income items;
4. A \$11,127 increase in salaries and wages and \$2,562 in related employee benefits to reflect changes in levels of employment and wage rates from test year levels;
5. A \$189,305 decrease in purchased treatment charges from the City to eliminate the capacity charges previously discussed and to annualize commodity charges at the current rate of \$0.90 per thousand gallons of influent;
6. A \$5,601 reduction in legal and engineering fees for non-recurring services;
7. A \$2,600 increase in other outside services to reflect the annualization of higher SunCor management fees;
8. A \$2,011 adjustment to amortize the sewer division's share of rate case expenses over 3 years;
9. As previously discussed, a \$178,430 increase in amortization expense related to the Company's investment in the City's wastewater treatment plant;
10. A \$36,078 increase in property tax expense to reflect 2001 property tax expense levels; and
11. A net \$210,455 adjustment to income tax expense to reflect the income tax effect of all pro forma adjustments. This net adjustment includes a \$168,890 increase in book income taxes due to an incorrect allocation of income taxes between the water and sewer divisions.

Q. WAS A COST OF SERVICE STUDY PREPARED FOR THE SEWER DIVISION?

A. Yes. A cost of service study for the sewer division was prepared and is provided in the "G" series of schedules, pages 46 through 57 of the filing.

- Q. PLEASE SUMMARIZE THE RESULTS OF YOUR SEWER COST OF SERVICE ANALYSIS.
- A. The results of the sewer cost of service study, at present and proposed rates, are summarized on Schedules G-1 and G-2, pages 46 and 47. At present rates, all classes of customers are producing a positive return except for the schools customer class. The multi-unit and the Wigwam are providing the highest relative rates of return.
- Q. IS THERE AN IMPROVEMENT IN RETURN RELATIONSHIPS AMONG THE CLASSES AT PROPOSED RATES?
- A. Yes. As shown on Schedule G-2, all classes are providing positive returns. Further, all class return indices have moved closer to cost of service at proposed rates.
- Q. PLEASE DISCUSS THE PROPOSED SEWER RATES PROVIDED ON SCHEDULE H-3 PAGE 43.
- A. The proposed residential rate is \$32.55 per month or \$9.35 per month greater than the present rate. A smaller increase, \$3.30 per month, is proposed for multi-unit customers consistent with cost of service results. Greater-than-average increases are proposed for schools and commercial customers. Again, the magnitude of these increases is largely based on the results of the cost of service study.
- Q. WHY IS THE COMPANY REQUESTING COMMISSION APPROVAL OF A "MARKET RATE" FOR EFFLUENT AND REMEDIATED WATER RATHER THAN A FIXED RATE PER ACRE-FOOT?
- A. The Company has a significant amount of effluent and remediated water available for non-potable uses as well as a new effluent delivery system. However, it needs a flexible pricing system since competitive prices for non-potable water vary depending on the source of supply. A market pricing approach would allow the Company to maximize its sales of effluent and remediated water thereby reducing groundwater withdrawals of potable water. Further, these sales provide benefits to all sewer customers since they provide a contribution to overall sewer operating costs.
- Q. PLEASE EXPLAIN THE TARIFF SHEETS APPENDED TO THE FILING.

- A. The tariff sheets incorporate the proposed water and sewer rates and charges and reference, in a more formal fashion, specific rules and regulations of the Commission applicable to water and sewer utilities. Additionally, Part Four of the tariff sheets describes in detail the terms and conditions of wastewater service, including a listing of prohibited discharges into the Company's sewerage system. They also provide for on-site inspections to insure that excessive amounts of caustic or other hard-to-treat substances are not being discharged into the collection system and that all grease traps or other pretreatment facilities are being properly maintained by commercial and industrial customers.

IV. AFUDC ACCOUNTING – NEW WASTEWATER TREATMENT PLANT

- Q. DOES THE COMPANY PLAN TO CAPITALIZE AN ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION ("AFUDC") ON THE NEW WASTEWATER TREATMENT FACILITY?

- A. Yes. The Company plans to capitalize an AFUDC component in conjunction with the new wastewater treatment plant previously discussed. The new plant is currently under construction and will not be completed until 2002. The construction cycle is 18 to 20 months and the Company's additional investment will be significant – ten to eleven million dollars. Accordingly, AFUDC accounting is appropriate for this project and consistent with accepted utility accounting practices.

- Q. DOES THE COMPANY CURRENTLY CAPITALIZE THE COST OF FUNDS RELATED TO PLANT ADDITIONS?

- A. No. The Company did capitalize interest costs related to a sewer treatment plant constructed in the early 1980's and subsequently retired in 1994. Currently, there is no AFUDC component in any of the Company's utility plant accounts.

- Q. HOW WILL THE AFUDC RATE BE CALCULATED?

- A. The AFUDC rate will be calculated using the weighted cost of capital at December 31, 2001. The capital structure at that date will include, subject to approval by the Commission of the Company's financing application, additional IDA debt. The cost of

equity used in the calculation will be 11% or the same cost of equity requested in the current rate filing.

Q. DOES THE USE OF AFUDC ACCOUNTING FOR THIS PROJECT HAVE ANY EFFECT ON THE RATES REQUESTED IN THIS CASE?

A. No. AFUDC accounting will commence this year, 2001, and therefore will not affect the instant rate application. Further, as previously discussed, expenditures incurred at December 31, 2000 related to the new plant are not included in rate base and, accordingly, have no effect on the sewer rates proposed at this time.

Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

C

LITCHFIELD PARK SERVICE COMPANY

DOCKET W-01427 & WS-01428

TARIFF

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LITCHFIELD PARK SERVICE COMPANY

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Cancelling Sheet No.

Applies to all WATER service areas

PART ONE

STATEMENT OF CHARGES
WATER SERVICE

I. RATES

In Opinion and Order No. _____, dated _____, 2002, the Commission approved the following rates and charges to become effective with _____, 2002 usage.

<u>Meter Size</u> Inches	Usage Included in <u>Minimum Charge</u> Gallons	<u>Minimum</u> <u>Charge</u> Per Month
A. General Residential, Commercial, Industrial, and Irrigation Service		
5/8" x 3/4" Meter	-0-	7.30
3/4" Meter	-0-	9.00
1" Meter	-0-	15.90
1 1/2" Meter	-0-	31.25
2" Meter	-0-	62.95
4" Meter	-0-	144.25
8" Meter	-0-	242.00
10" Meter	-0-	356.00
12" Meter	-0-	483.00

THE RATE FOR USE IN ADDITION TO THE MINIMUM STATED ABOVE SHALL BE THE SAME FOR ALL SIZES OF METERS. ADDITIONAL USAGE SHALL BE AT THE FOLLOWING RATE PER 1,000 GALLONS:

<u>Consumption</u>	<u>Rate</u>
0-5,000	\$1.02
over 5,000	\$1.36

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WATER SERVICE

B. Construction Water

	Usage Included in <u>Minimum Charge</u> Gallons	Minimum <u>Charge</u> Per Month
3" Hydrant Meter ¹	-0-	\$100.00

THE RATE FOR USE IN ADDITION TO THE MINIMUM STATED ABOVE SHALL BE THE SAME FOR ALL SIZES OF METERS. ADDITIONAL USAGE SHALL BE AT THE RATE OF \$2.50 PER 1,000 GALLONS.

HYDRANT RELOCATION:

When a Construction Meter is relocated to another hydrant at the request of the Customer, there shall be a \$50 charge.

ON PEAK USE PREMIUM:

No construction water shall be used during the Company's peak hour demand periods as set forth below:

Daily	5:00 AM to 9:00 AM
-------	--------------------

Use of construction water during the above periods shall result in a usage premium of \$1,000 per incident and \$5,000 for the second incidents. On the third incident, construction water service will be terminated and no longer available to that customer.

¹ Hydrant meters shall have a non-interest bearing deposit of \$1,500.00, refundable upon return of meter and payment of final bill.

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Applies to all **WATER** service areas

PART ONE

STATEMENT OF CHARGES
WATER SERVICE

II. TAXES AND ASSESSMENTS

In addition to all other rates and charges authorized herein, the Company shall collect from its customers all applicable sales, transaction, privilege, regulatory or other taxes and assessments as may apply now or in the future, per Rule R14-2-409(D)(5).

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Applies to all WATER service areas**PART ONE****STATEMENT OF CHARGES**
WATER SERVICE**III. ADDITIONAL CHARGES²**

- | | | |
|----|-----------------------------------------------------------------------------------------------------------|---------------------------------------------|
| A. | Establishment of Service
Per Rule R14-2-403D
(new customer charge, in addition to E, K and L below) | \$ 20.00 |
| 1. | If after hours | \$ 40.00 |
| B. | Re-establishment of Service
Per Rule R14-2-403D
(same customer, same location within 12 months) | Note ³ |
| C. | Reconnection of Service
Per Rule R14-2-403D | \$ 50.00 |
| 1. | If after hours | \$ 65.00 |
| D. | Charge for Moving Meter at Customer Request
Per Rule R14-2-405B | Cost ⁴ |
| E. | Minimum Deposit Requirement
Per Rule R14-2-403B | |
| 1. | Residential customer | (2 times estimated average
monthly bill) |

² Additional Charges shall not be duplicated to customers who receive both water and wastewater service from the Company

³ Number of months off system times the monthly minimum.

⁴ See Sheet No. 7.

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Applies to all WATER service areas

PART ONE

STATEMENT OF CHARGES
WATER SERVICE

2. Non residential customer	(2-1/2 times estimated maximum monthly bill)
3. Deposit Interest	6.0%
F. Meter test per Rule Per Rule R14-2-408F If correct	\$ 25.00 plus cost of test
G. Meter Reread Per Rule R14-2-408C	\$ 5.00
H. Charge for NSF Check Per Rule R14-2-409F	\$ 20.00
I. Deferred Payment Finance Charge Per month	1.5%
J. Late Payment Charge Per Month	1.5% ^{5 6}

⁵ This charge shall not apply if the customer has arranged for a Deferred Payment Plan.⁶ Bills for utility services are due and payable when rendered. Any payment not received within fifteen (15) days from the date the bill was rendered shall be considered delinquent and subject to the termination policy set forth in the Company's rate tariff. All Late Payment Charges shall be billed on the customer's next regularly scheduled billing. If the customer fails to pay the Late Payment Charge by the due date on the next billing, the customer will receive a ten (10) day termination notice. If the customer does not pay the Late Payment Charges by that date the service will be terminated. Service shall be terminated only for that service for which the customer is delinquent or

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Cancelling Sheet No.

Applies to all **WATER** service areas**PART ONE****STATEMENT OF CHARGES**
WATER SERVICE

K.	Service Calls, per hour		
	After hours only		\$40.00 ⁷
L.	Service Line Tariff and Meter Advance Policy		
	Refundable per Rule R14-2-405B: ⁸		
	3/4" Meter	1,000	500.00
	1" Meter	1,000	600.00
	1 1/2" Meter	1,000	750.00
	2" Meter	1,000	1,300.00

All meters over 2" shall be installed at Cost per Sheet No. 7.

M.	Main Extension Tariff		
	Per Rule R14-2-406B	Cost ⁹	

is in violation of other Tariff or Rule provisions. All customers whose service is terminated for failure to pay the Late Payment Charges are subject to the Company's reconnection charges set forth in the Company's tariff.⁷ For service problem found to be on Customer's side of meter. Company will not repair problem.⁸ New Service is not available through 5/8" x 3/4" meters⁹ See Sheet No. 7.

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Cancelling Sheet No.

Applies to all WATER service areas

PART ONE

STATEMENT OF CHARGES
WATER SERVICE

IV. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at costs, cost shall include labor, materials, other charges incurred, and overhead not to exceed 10%. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.

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Applies to all **WATER** service areas

PART ONE

STATEMENT OF CHARGES

WATER SERVICE

E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.

F. Permitted costs shall include any State or Federal income taxes that are or may be payable by the Company as a result of any tariff or contract for water facilities under which the Customer advances or contributes funds or facilities to the Company.

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Cancelling Sheet No.

Applies to all **WATER** service areas

PART TWO

STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE

I. CROSS-CONNECTION CONTROL

A. Purpose.

To protect the public water supply in the Company's water supply in the Company's water system from the possibility of contamination caused by backflow through unprotected cross-connections by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code, Title 14, Chapter 2, Section 405.B.6 as adopted by the Arizona Corporation Commission, and Title 18, Chapter 4, Section 115, as adopted by the Arizona Department of Environmental Quality, as those regulations may be revised from time to time.

B. Inspections.

The customers shall cooperate fully with the Company in its efforts to investigate and determine the degree of potential health hazard to the public water supply which may result from conditions existing on the customer's premises.

C. Requirements.

In compliance with the Rules and Regulations of the Arizona Corporation Commission and the Arizona Department of Environmental Quality, specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-115 relating to backflow prevention:

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Cancelling Sheet No.

Applies to all **WATER** service areas**PART TWO****STATEMENT OF TERMS AND CONDITIONS**
WATER SERVICE

1. The Company may require a customer to pay for and have installed, maintain, test and repair a backflow-prevention assembly if A.A.C. R18-4-115.B or C applies.
2. A backflow-prevention assembly required to be installed by the customer under this tariff shall comply with the requirements set forth in A.A.C. R18-4-115.D and E.
3. The Company shall give any customer who is required to install and/or test a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is not applicable, the customer shall be given thirty (30) days in which to comply with this notice. If the customer can show good cause as to why he cannot install the device within thirty (30) days, the Company or the Arizona Corporation Commission Staff may grant additional time for this requirement.
4. Testing shall be in conformance with the requirements of A.A.C. R18-4-115.F. The Company shall not require an unreasonable number of tests.
5. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:
 - a. assembly identification number and description;
 - b. location;
 - c. date(s) of test(s);
 - d. description of repairs made by tester; and
 - e. tester's name and certificate number.

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Cancelling Sheet No.

Applies to all **WATER** service areas

PART TWO

STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE

D. Discontinuance of Service.

In accordance with A.A.C. R14-2-407 and 410 and provisions of this tariff, the Company may terminate service or deny service to a customer who fails to install and/or test a backflow-prevention assembly as required by this tariff.

1. In the event the backflow-prevention assembly has not been installed or fails any test and A.A.C. R14-2-410.B.1.a. is applicable, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be installed and repaired by the customer and retested before service is restored.

2. In the event the backflow-prevention assembly has not been installed or fails any test and A.A.C. R14-2-410.B.1.a. is not applicable, the backflow-prevention assembly shall be installed and/or repaired by the customer and tested within fourteen (14) days of written notice by the Company. Failure to install or to remedy the deficiency or dysfunction of the assembly, or failure to retest shall be grounds for termination of water utility service in accordance with A.A.C. R14-2-410.

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Cancelling Sheet No.

Applies to all WATER service areas

PART TWO

STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE

**II. INTERRUPTIBLE SERVICE; COMPANY'S LIABILITY
LIMITATIONS**

A. The Company will supply only such water at such pressures as may be available from time to time as a result of the normal operation of its water system. The Company will maintain a minimum water pressure of 20 p.s.i. and will not guarantee a specific gallons per minute flow rate at any public fire hydrants or fire sprinkler service. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

III. RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-401 through A.A.C. R14-2-411 will be controlling of Company procedures, unless specific Commission Order(s) provide otherwise.

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DOCKET WS-01428

Cancelling Sheet No.

Applies to all WASTEWATER service areas**PART THREE****STATEMENT OF CHARGES
WASTEWATER SERVICE****I. RATES**

In Opinion and Order No. _____, dated _____, 2002, the Commission approved the following rates and charges to become effective with _____, 2002 billings:

<u>Description</u>	<u>Rate</u>
Residential Service – Per Month	\$ 32.55
Multiple Unit Service – Per Unit/Month	25.00
MUS – Wigwam – Per Unit/Month	25.00
Wigwam – Main Building	1,000.00
Litchfield Park Elementary	725.00
Palm Valley Elementary	725.00
Western Sky Middle School	1,000.00
Millennium High School	1,000.00
Estrella Community College	1,600.00
Commercial:	
Flat Rate Small Commercial – Per Month	60.00
Measured Service:	
Regular Domestic:	
Monthly Service Charge	25.75
Rate Per 1,000 Gallons of Water Usage	2.75
Restaurants, Motels, Grocery Stores & Dry Cleaners:	
Monthly Service Charge	25.75
Rate Per 1,000 Gallons of Water Usage	3.25

Effluent or Reclaimed Water – Per Acre FootMarket Rate

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Cancelling Sheet No.

Applies to all WASTEWATER service areas**PART THREE****STATEMENT OF CHARGES
WASTEWATER SERVICE****II. TAXES AND ASSESSMENTS**

In addition to all other rates and charges authorized herein, the Company shall collect from its customers all applicable sales, transaction, privilege, regulatory or other taxes and assessments as may apply now or in the future, per Rule R14-2-608(D)(5).

III. ADDITIONAL CHARGES¹⁰

A.	Establishment of Service per Rule R14-2-603D (new customer charge, in addition to D, H and I below)	\$20.00
1.	If after hours	40.00
B.	Re-establishment of Service per Rule R14-2-603D (same customer, same location within 12 months)	Note ¹¹
C.	Reconnection of Service Per Rule R14-2-603D	50.00
1.	If after hours	65.00

¹⁰ Additional charges shall not be duplicated to customers who receive both water and wastewater service from the Company.

¹¹ Number of months off system times the sum of the monthly minimum.

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Cancelling Sheet No.

Applies to all WASTEWATER service areas**PART THREE****STATEMENT OF CHARGES**
WASTEWATER SERVICE

D.	Deposit Requirement ¹² per Rule R140-2-603B	
1.	Residential customer	(2 times estimated average monthly bill)
2.	Non-residential customer	(2-1/2 times estimated maximum monthly bill)
3.	Deposit Interest	6%
E.	Charge for NSF Check per Rule R14-2-608E ¹³	\$20.00
F.	Deferred Payment Finance Charge, per month ¹⁴	1.5%
G.	Late Payment, Per Month, per Rule R14-2-608F	1.5% ^{15 16}

¹² The Company does not normally require a deposit prior to the provision of service. However, if the service is not in the property owner's name, this deposit is required. Also in the event service is disconnected due to nonpayment, this deposit may be required.

¹³ This charge shall not apply if wastewater service is paid with the same NSF check used to pay for water service for which a NSF fee is charged.

¹⁴ Deferred payments for wastewater service are only available if established in connection with deferred payments for water service under PART ONE, III(I) of this tariff.

¹⁵ Bills for utility services are due and payable when rendered. Any payment not received within fifteen (15) days from the date the bill was rendered shall be considered delinquent and subject to the termination policy set forth in the Company's rate tariff. All Late Payment Charges shall be billed on the customer's next regularly scheduled billing. If the customer fails to pay the Late Payment Charge by the due date on the next billing, the customer will receive a ten (10) day termination notice. If the customer does not pay the Late Payment Charges by that date the service will be terminated. Service shall be terminated only for that service for which the customer is delinquent or is in violation of other Tariff or Rule provisions. All customers whose service is terminated for failure to pay the Late Payment Charges are subject to the Company's reconnection charges set forth in the Company's tariff.

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DOCKET WS-01428

Cancelling Sheet No.

Applies to all WASTEWATER service areas**PART THREE****STATEMENT OF CHARGES
WASTEWATER SERVICE**

H.	Service Calls, per hour After hours only	\$40.00 ¹⁷
I.	Service Line Connection Charge ¹⁸ All Sizes (non-refundable)	Cost ¹⁹
J.	Main Extension Tariff, per Rule R14-2-606B (All on-site wastewater facilities are non-refundable contributions)	Cost ²⁰

¹⁶ This charge shall not apply if the customer has arranged for a Deferred Payment Plan.

¹⁷ For service problem found to be on Customer's side of lot line. Company will not repair problem.

¹⁸ The Company shall install and own the Service Line up to the customer's property line. The customer shall install and own the Service Line beyond that point. The customer shall maintain and operate the service line from the connection to the main line in the street or right-of-way to its interconnection with the customer's building or facility.

¹⁹ See Sheet No. 17.

²⁰ All Main Extensions shall be completed at cost per Sheet No. 17 and shall be non-refundable Contributions-in-Aid-of-Construction.

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DOCKET WS-01428

Cancelling Sheet No.

Applies to all WASTEWATER service areas

PART THREE

STATEMENT OF CHARGES
WASTEWATER SERVICE

IV. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, cost shall include labor, materials, other charges incurred, and overhead. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any State or Federal income taxes that are or may be payable by the Company as a result of any tariff or contract for wastewater facilities under which the Customer advances or contributes funds or facilities to the Company.
-

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DOCKET WS-01428

Cancelling Sheet No.

Applies to all WASTEWATER service areas

PART FOUR

STATEMENT OF TERMS AND CONDITIONS
WASTEWATER SERVICE

I. CUSTOMER DISCHARGE TO SYSTEM

A. Service Subject to Regulation

The Company provides wastewater service using treatment and collection facilities that are regulated by numerous county, state and federal Statutes and Regulations. Those Regulations include limitations as to domestic strength wastewater and the type of wastewater that may be discharged into the system by any person directly or indirectly connected to the plant.

B. Waste Limitations

The Company has established the permissible limits of concentration as domestic strength wastewater and will limit concentration for various specific substances, materials, waters, or wastes that can be accepted in the sewer system, and to specify those substances, materials, waters, or wastes that are prohibited from entering the sewer system. Each permissible limit so established shall be placed on file in the business office of the Company, with a copy filed with the Commission. No person shall discharge, or cause to be discharged, any new sources of inflow including, but not limited to, storm water, surface water, groundwater, roof runoffs, subsurface drainage, cooling water, or polluted industrial process waters into the sanitary sewer. The Company will require an affidavit from all commercial and industrial customers, and their professional engineer, stating that the wastewater discharged to the system does not exceed domestic strength.

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111 W. Wigwam Blvd.
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DOCKET WS-01428

Cancelling Sheet No.

Applies to all WASTEWATER service areas

PART FOUR

STATEMENT OF TERMS AND CONDITIONS
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C. Inspection and Right of Entry

Every facility that is involved directly or indirectly with the discharge of wastewater to the Treatment Plant may be inspected by the Company as it deems necessary. These facilities shall include but not be limited to sewers; sewage pumping plants; all processes; devices and connection sewers; and all similar sewerage facilities. Inspections may be made to determine that such facilities are maintained and operated properly and are adequate to meet the provisions of these rules. Inspections may include the collection of samples. Authorized personnel of the Company shall be provided immediate access to all of the above facilities or to other facilities directly or indirectly connected to the Treatment Plant at all reasonable times including those occasioned by emergency conditions. Any permanent or temporary obstruction to easy access to the user's facility to be inspected shall promptly be removed by the facility user or owner at the written or verbal request of the Company and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Company representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater to the Treatment Plant. Adequate identification shall be provided by the Company for all inspectors and other authorized personnel and these persons shall identify themselves when entering any property for inspection purposes or when inspecting the work of any contractor.

All transient motor homes, travel trailers and other units containing holding tanks must arrive at the Company's service area in an empty condition. Inspection will

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ISSUED BY:

Dave Ellis, Manager
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be required of said units prior to their being allowed to hookup to the wastewater system.

D. Termination of Water Service for Violation of Wastewater Rules and Regulations

The Company is authorized to discontinue water service to any person connected to both its water and sewer systems who violates the Company's wastewater terms and conditions as set forth in this PART FOUR. This termination authority does not apply to non-payment for water or wastewater services.

II. RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-601 through A.A.C. R14-2-609 will be controlling of Company procedures, unless specifically approved tariffs or Commission Order(s) provide otherwise.

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